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ABSTRACT

In 1991, Minnesota enacted ground-breaking legislation that authorized school districts to sponsor a limited number of charter schools. Implementation of the program was politically contentious, and the issue remains highly charged. This document presents findings of a study that examined the charter schools that were proposed and operating in early 1994 in Minnesota. Data were obtained from a review of charter-school documents from the Minnesota Department of Education; survey data collected in 1994 from superintendents, school board members, and parents; and site visits to the six charter schools operating in 1994. The study elicited information on charter-school proposals, general school characteristics, parent attitudes, problems, and policy implications. Findings indicate that 21 charter schools have been proposed in Minnesota; over one-half of those have been approved. In general, school boards approved proposals that targeted specific populations, particularly at-risk and special education students, and dropouts. School boards were philosophically divided in their opinions about charter schools. Parents of charter-school students were generally satisfied, particularly with curricula. Charter schools experienced problems with transportation, facilities, special-needs students, and relationships with school districts that ranged from neutral to antagonistic. Challenges to charter schools include questions about the extent of freedom from state regulation, accountability, the need for extensive planning, funding, and alternative transportation arrangements. Ten figures and six tables are included. Appendices contain background information on the six charter schools and Minnesota charter-school law (as it existed after the 1994 legislative session.) (LMI)

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Minnesota Charter Schools

A Research Report

December 1994

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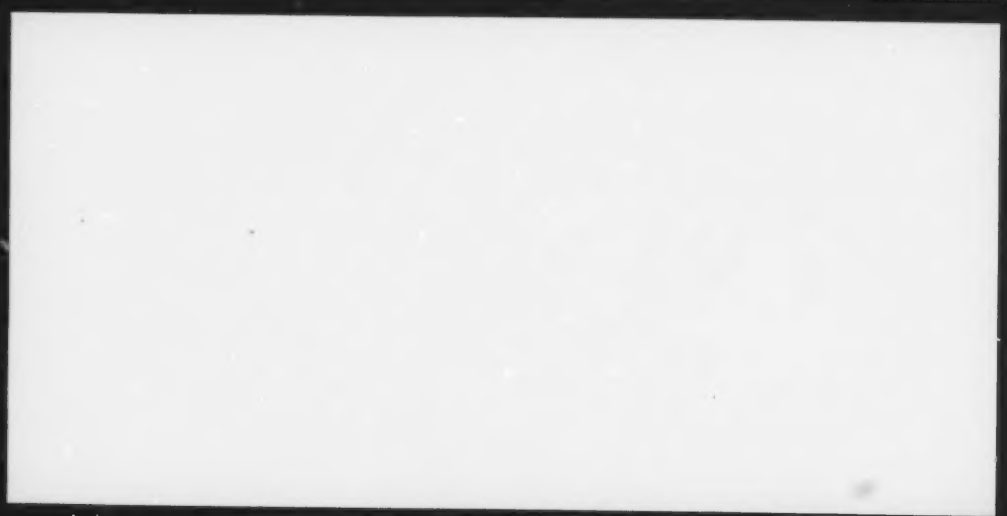

Minnesota Charter Schools

A Research Report

December 1994

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Contents

Page

Summary 1

Charter Schools: A Definition 7

Data and Analysis 13

Charter School Proposals 15

School Boards Debate the Charter School Proposals 24

Characteristics of the Operating Charter Schools 32

The Charter School Parent Survey 42

Problems Charter Schools Are Experiencing 46

Policy Implications 51

Appendix A
History and Description of the Six Operational Charter Schools 56

Appendix B
Charter School Law (after the 1994 legislative session) 59

References 65

List of Figures and Tables

Figures

1 How a charter school is established 10
2 Location of approved charter schools (map) 16
3 Types of concerns and benefits raised in school board debates 25
4 Concerns and benefits: The charters' educational approach 27
5 Concerns and benefits: Effect of the charter school on the district 28
6 Concerns and benefits: Philosophical issues 29
7 Concerns and benefits: Specific proposal issues 30
8 Parents' reasons for choosing a charter school 42
9 Parents' sources of satisfaction 43
10 Parents' sources of dissatisfaction 45

Tables

1 Response rates for charter school parent survey 14
2 Charter school proposals sponsored by schools 17
3 Charter school proposals denied sponsorship by school boards 18
4 Types of charter school proposals 19
5 Charter schools: Enrollment and population characteristics 33
6 Charter schools: Revenue and teacher salary 35

Summary

In 1991, Minnesota enacted ground-breaking legislation that authorized school districts to sponsor a limited number of charter schools. Implementation of the program was politically contentious, and the issue remains highly charged. Since then, a number of other states have enacted some variation of charter school legislation, and many different kinds of charter schools have been established across the country. This study examines the charter schools that had been proposed and that were operating in early 1994 in Minnesota.

A charter school is a school that is formed by a group of individuals and that operates within the greater public school system. The school is defined by the terms of a contract, or charter, between the group of individuals who organized the school and the school's sponsor. Charter schools function with relatively high autonomy in terms of mission, funding, and administration. They are an appealing avenue for state level education reform because they fit within the existing framework of public education, requiring little or no new money and causing little disruption to the existing system, at least initially. Charter schools also have the unique advantage of being released from most of the rules and regulations that bind, and some would say hinder, traditional schools.

The information in this report is based on multiple data sources, including: a review of charter school documents from the Minnesota Department of Education; survey data collected in 1994 from superintendents, school board members, and parents; and site visits to those charter schools that were operating in early 1994.

Charter School Proposals

Twenty-one charter schools have been proposed in Minnesota; over half of those have been approved. Local school boards agreed to sponsor 13 of those and refused to sponsor eight. One proposal was disapproved by the State Board of Education after it received local board approval. Two of the eight proposals without a sponsor appealed to the State Board of Education for sponsorship. The State Board agreed to sponsor one of them, the Emily charter school, in September 1994.

In general, school boards have approved proposals that target specific populations, particularly populations that include at-risk pupils, special education pupils, or drop-outs. These are students that districts often find difficult or expensive to serve. A charter school serving these populations will drain fewer resources out of the district. Faced with a proposal from an existing program, most districts preferred to provide choices (e.g. Montessori or an alternative program) as a district option, maintaining control of the program and funding.

Philosophically, school boards were divided in their opinions about charter schools. Providing more choice for students and parents, more freedom for teachers, and encouraging community and parent involvement in the school were perceived as potential benefits. Negative aspects included a perceived lack of community support, insufficient accountability, and erosion of local control.

Many board members were very concerned about the negative effects the charter school might have on the district. Specifically, the boards discussed such concerns as losing revenue associated with district residents who would attend the charter school; having to devote scarce district resources to assist the charter school, and possible liability problems.

School boards raised relatively few concerns about the type of education the charter school would provide or the quality of that education.

Charter Schools Operating in 1993-94

General characteristics of the charter schools that were operating in 1994 included:

- Three of the charters served elementary/middle school students, two served grades K-12, and one served only secondary students.
- The schools were quite small, ranging in size from 16 students to just under 200.
- The schools had very small class sizes with student:teacher ratios ranging from 4:1 to 20:1.
- Half the schools clearly served special populations (e.g. hearing impaired, at-risk, or drop-outs)

- The schools received varying amounts of grant funding, ranging from none to $300,000.

- The schools developed very different outcomes and ways of assessing those outcomes for their students.

Parents of Charter School Students in 1993-94

The charter school curriculum was the primary attraction for parents. Other reasons parents chose a charter school included small classes, the school's location and environment, dissatisfaction with the public schools, good teachers, and the chance for more parental involvement.

Parents felt that they got much of what they wanted from a charter school. Most frequently, parents cited some aspect of the school's curriculum as a source of satisfaction. Parents also reported satisfaction with the charter school teachers, smaller and longer classes, the school environment, and the effect the school was having on their children.

Parents were dissatisfied with some aspects of the schools. Sources of dissatisfaction included lack of school resources, student transportation, inadequate space, the school administration, a negative effect the school was having on students, and the turmoil of the school's first year.

Problems Charter Schools Experienced

The transportation arrangement has caused some frustration for both the charter schools and the districts responsible for transportation. Under current law, the district in which the charter school is located is required to provide transportation for students who live in the district and attend the charter school. The district of residence then receives transportation revenue for the resident charter school pupils. With this arrangement, the charter schools are often forced to coordinate their calendars and starting times to fit the district's transportation schedule, making it difficult to structure anything but a traditional school day and year. The districts, faced with increasingly onerous transportation costs, are frustrated with requests from all over the district for transportation and poor communication from some charter schools on the number and location of pupils who will require transportation to the charter school.

Charter schools have no access to bonding for building facilities or to other levies designed to meet districts' ongoing facilities needs. The schools have searched, with varying degrees of success, for inexpensive and suitable facilities. Two

of the six charters are housed in old schools no longer used by the district. They pay negligible rent but must still find ways to pay for repairs, handicapped accessibility renovation and bringing the building up to firecode—not small issues in old buildings. Some charters that are not the sole occupant of space constructed as a school are looking for more suitable space but are hampered by a lack of funds and suitable facilities.

Some of the charter schools were unprepared to deal with special needs students. The needs that special education students had, both for assessment and services, were difficult for some of the charters to meet. The charters did not anticipate how difficult and time consuming it would be to work with the school district and Department of Education staff to ensure that students received necessary assessments and services and to understand and meet the complex requirements of state and federal funding.

The relationships between charters and sponsoring districts are somewhat tentative and range from neutral to antagonistic. Sponsoring districts were unsure of their role in terms of accountability and providing services to the charters. Some of the districts viewed the charters, to varying degrees, as a threat to the health and viability of the district. Some of the charters reported difficulty getting services from the district to which they felt entitled and often would have preferred not to be tied to the sponsoring district at all. The charters were also concerned that changes in sponsoring board membership might affect the district's support for the charter.

Policy Implications

The legislature may want to consider the degree to which charter schools should be free from regulation in different areas. All of the charter schools stressed that the absence of regulation was a key factor in their ability to implement the types of structures they wanted, and it also provided great flexibility to recognize and manage issues as they arose. However, that same freedom from regulation means that laws regulating meetings and elections in school districts may not be applicable to charter schools.

Accountability is still a key issue for charter schools. There are two levels of accountability at issue for charter schools. First, charter schools must be held accountable for educating students who attend the school. This accountability is met when the charter school can show that students meet appropriate and clearly defined outcomes. Currently the responsibility lies with

the sponsoring district to ensure that appropriate outcomes are in the contract. An examination of the charter school contracts indicates that in some cases, both outcomes and assessments could be more fully developed. Next, there is the question of who is responsible for ensuring that the charter schools are indeed developing appropriate outcomes and that students are meeting those outcomes. Although the sponsoring school board may fail to renew a charter's contract if the charter does not meet the requirements for pupil performance contained in the contract, it is not clear that school boards have been willing or able to adequately evaluate charter school outcomes and student success. If the sponsoring district is to be held accountable for evaluating the charter school's outcomes and the degree to which students achieve those outcomes, they may be increasingly reluctant to sponsor charter schools given that they may need to devote scarce resources to that type of evaluation.

Charter schools are a business and, as such, require extensive planning in both education and operations. Many of the teachers who began charter schools were ill-prepared to deal with the day-to-day issues that emerged when they opened their doors. Although most of the schools had undergone at least a year of planning, that planning tended to focus almost exclusively on the educational aspects of the school instead of on the day-to-day operation. A charter school is more than an educational enterprise—it is a business. Each of the schools has overcome many initial difficulties using a combination of outside consultants, parents, volunteers, Department of Education staff, grant funding, staff in the sponsoring district, and very hard work. The law allows a charter school to apply to the State Board of Education as few as 30 days before school starts. If a school begins the formal application process shortly before the deadline, it may be difficult for department personnel to provide enough support and advice. Ultimately, a private network may develop that will assist groups as they plan and establish a charter school. Until that happens, problems during the first year might be alleviated by encouraging increased emphasis on charter school planning.

The absence of start-up funding may make the establishment of future charter schools more difficult. Minnesota provides no start-up funding for charters. Many of the existing charters relied on grant funding to cover the costs they incurred before they began receiving state revenue. As charters become more common, grant funding may be more difficult to come by, and it may be increasingly difficult for new charters to gain a foothold.

The absence of funding for facilities may become more of a problem over time. With no access to funding for facilities, charters are often forced to acquire older and less than adequate facilities. In some cases, charters have acquired older existing school facilities from the sponsoring district at very low cost. However, as those facilities continue to age, they will require upkeep and repair, and the charter schools have no access to revenue for that maintenance.

The legislature may want to consider alternative transportation arrangements for charter schools. Current law requires the sponsoring district to provide transportation to resident pupils who attend the school. Charters, without their own transportation revenue, must rely on the district to provide most transportation. This forces the charters to conform to the district's schedule and causes difficulty in extreme cases where the district is very large and the cost of transporting any resident who might wish to attend would be prohibitive. Many of the charters and their sponsors would be interested in considering alternative arrangements; however, an alternative that can efficiently and cost effectively provide suitable transportation to charter school students may be difficult to design.

Charter Schools: A Definition

A charter school is independently organized and operated and primarily state-funded.

A precise definition of a charter school is difficult to pin down since each state that allows charter schools defines them differently. In broad terms, a charter school is a school formed by a group of individuals that operates within the greater public school system. The school is defined by the terms of a contract, or charter, between the group of individuals who organized the school and the school's sponsor. A charter school functions with relatively high autonomy in terms of mission, funding, and administration. By the end of 1994, eleven states had enacted charter school laws, and each state varied significantly in the specifics of how the charters are to be organized and funded. [1]

This report examines charter schools from the perspective of the sponsoring district, parents, and the charters themselves.

In 1991, Minnesota enacted ground-breaking legislation that authorized school districts to sponsor a limited number of charter schools. Implementation of the program was politically contentious, and the subject remains highly charged. Since then, a number of other states have enacted some variation of charter school legislation. This study examines the charter schools that had been proposed and those that were operating in early 1994 in Minnesota and addresses the following issues:

- What types of charter schools have been proposed?
- What issues have school boards raised about charter school proposals?
- What are the characteristics of the charter schools operating in 1994?
- What types of charter school proposals have districts refused to sponsor?
- What difficulties did charter schools have during their first year of operation?
- Why did parents choose charter schools for their children and how satisfied are they?

[1] For a comprehensive overview of some of the different types of charter school legislation that have been enacted in Minnesota, California, Georgia, Massachusetts, Michigan, New Mexico, and Wisconsin, see Morrison Institute for Public Policy (1994).

This study was not designed as a comprehensive evaluation of charter schools. It is too early to assess their success or failure as education reform. Instead, the primary intent of this study is to document the implementation of an education reform that has, to this point, only been debated in the abstract. Although we cannot yet evaluate the schools, we can better understand what motivated their establishment and whether, in implementation as in theory, they appear likely to maintain their promise as a unique and effective way to deliver educational services.

In concept, charter schools provide students with new and different choices.

Over the last decade, the educational choice movement has become an integral part of American public education. Most states have implemented at least a limited form of choice within their public school systems (Nathan, 1989).

Proponents hail the broad concept of choice as the best tool available to fix an ailing education system. They believe that introducing competition and market forces into the public education system will force the whole system to improve—within the framework of the existing school finance structure and without significant cost to the taxpayers.

Early choice plans allowed students to choose among existing public school options. The charter school concept takes choice one step farther by providing qualified individuals with the opportunity to create their own innovative school and receive public funding for the students who choose to attend. This type of education reform expands the universe of choice for students.

In concept, charter schools address one criticism of education choice systems: that they are, by design, too limited to have a significant impact. Chubb and Moe (1990) are particularly critical of choice on this front. They argue that existing choice systems meet the public's demand for their choice of schools but, at the same time, continue to regulate a highly centralized public school system instead of letting the system itself function as a free market. Under this type of system, although parents and students may be able to choose a school, the universe from which they may choose is limited and carefully regulated. Charter schools begin to expand, and to some degree deregulate, the education market.

Chubb and Moe's (1990) critique of centralized regulation is based on the premise that schools already have what it takes to provide quality education (a staff of professional teachers and administrators in close contact with the day-to-day operations of the school), but the centralized bureaucracy prevents the schools

from optimizing those resources. The charter school program as designed in Minnesota also has the potential to address this criticism. Charter schools are, by definition, an extreme form of decentralization. Each school operates as an autonomous legal entity and directly receives state funding.

Charter schools are an appealing avenue for state level education reform because they fit within the existing framework of public education. Charter schools require little or no new money and cause little disruption to the existing system, at least initially. Charter schools also have the unique advantage of being released from most of the rules and regulations that bind, and some would say hinder, traditional schools.

In Minnesota, a charter school must be operated primarily by teachers and sponsored by a school district or the State Board of Education.

The law sets the following requirements for a Minnesota charter school. The school must be:

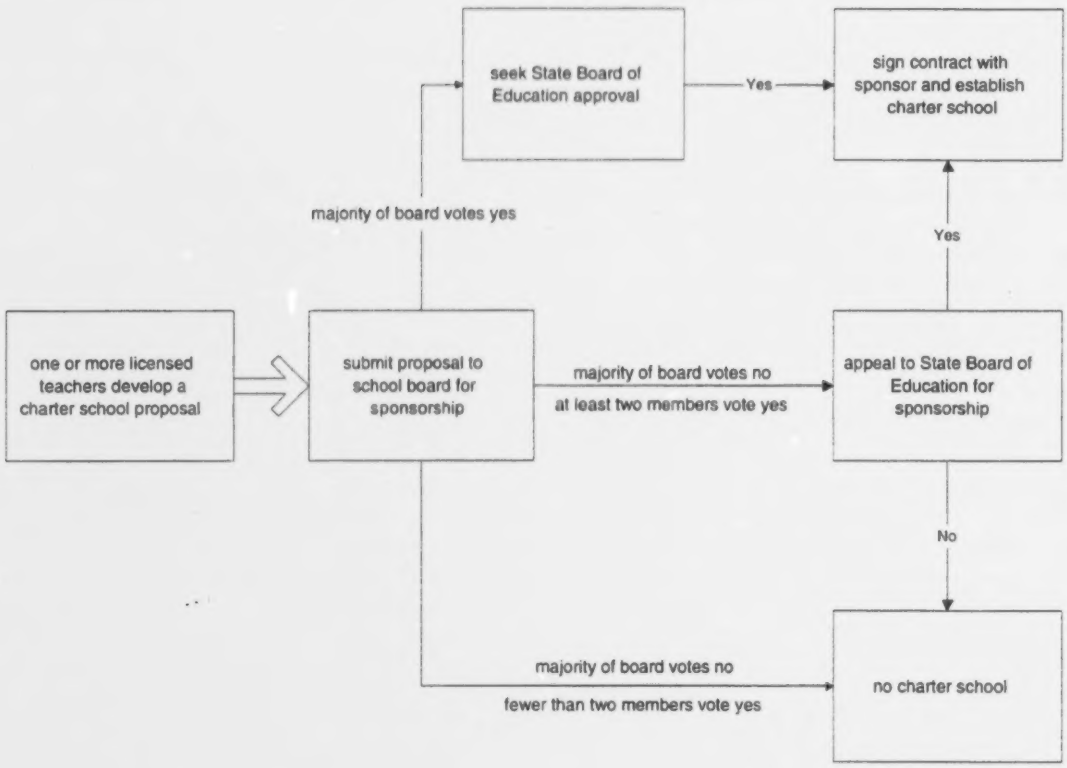
- a legally autonomous entity (organized as a cooperative or non-profit)
- operated primarily by licensed teachers
- sponsored by a local school board or, in special cases, by the State Board of Education
- funded as a separate entity
- free from most state laws and rules by which traditional schools and districts are bound
- outcome-based

The law limits the number of charter schools to 35—no more than five authorized by any one district.[2]

To form a charter school, one or more licensed teachers must present a proposal to a school board for sponsorship. If the board agrees to sponsor the charter school, the charter must then file an affidavit with the Minnesota State Board of Education seeking approval of the proposed school. The State Board must approve or deny the proposal within 30 days.

[2] Appendix 2 contains the Minnesota charter school law.

Figure 1
How a Charter School is Established


seek State Board of Education approval
Yes
sign contract with sponsor and establish charter school
majority of board votes yes
Yes
one or more licensed teachers develop a charter school proposal
submit proposal to school board for sponsorship
majority of board votes no
at least two members vote yes
appeal to State Board of Education for sponsorship
No
majority of board votes no
fewer than two members vote yes
no charter school

House Research Graphic

If the school board votes not to sponsor the charter school, the charter school proponents may appeal to the State Board for sponsorship if the proposal received at least two supporting votes from the school board. As of September 1994, the State Board has agreed to sponsor one charter school. The flow chart in Figure 1 shows the process for establishing a charter school in Minnesota.

Once a charter school is approved, the school and the sponsoring district must sign a contract that specifies the type of charter school program, specific outcomes students must achieve, admission policies and procedures, management and administration of the school, and other administrative information. The term of the contract may not exceed three years.

Charter schools are free of most of the rules and regulations that affect school districts.

The same health and safety laws and rules that apply to school districts also apply to charter schools. The school must be nonsectarian, may not charge tuition, and is subject to laws governing pupil dismissal, public school fees, and financial audits.

Charter schools may restrict admission by age or grade level, to at-risk pupils, and to residents of a specific geographic area as long as that area is no less racially diverse than the congressional district in which the geographic area is located. Other than these specific requirements, charter schools are not bound by the laws that affect school districts

A charter school receives public funding for pupils attending the school.

Each charter school receives the state average general education revenue for each pupil, computed without compensatory revenue, plus compensatory revenue computed specifically for the charter school. General education revenue for fiscal year 1995 is the sum of a school district's basic revenue, compensatory education revenue, training and experience revenue, sparsity revenue and supplemental revenue.[3] School districts receive varying amounts of each component of general education revenue, except for basic revenue which is set by law at $3,150 per pupil. A charter's compensatory revenue is based on a count of the number of pupils enrolled in the charter from families receiving aid for families with dependent children (AFDC). Charter schools also receive capital expenditure equipment aid for each pupil ($66 per pupil in fiscal year 1995).

Charter schools have no levy authority, and therefore no access to the excess referendum levy available to school districts. Charter schools may not levy for facilities costs.

Special education aid must be paid to charter schools as if they were school districts. Charter schools may receive grants, but may only use grant funding for costs associated with establishing the charter school. School districts, in contrast, are not restricted in their use of grant funding.

[3] For a description of each component of general education revenue, see **Minnesota School Finance**, House Research, September 1994.

A charter school is not a public entity.

Each charter school must be organized as a cooperative or non-profit corporation. A 1994 Minnesota Attorney General opinion states that "nothing in Minn. Stat. 120.064 establishes a charter school as a public entity or a governmental unit." [4] According to this opinion, although charter schools are treated like school districts for certain purposes specified in the charter school law, such as meeting health and safety requirements, for all purposes not specified in law, the schools are not treated like school districts. Thus, a charter school may not be a party to a joint powers agreement, and charter school teachers may not belong to the Teachers Retirement Association (TRA).

Given this opinion, it is questionable whether charter schools are subject to the open meeting law, election laws, or other laws that govern school districts as public entities.

[4] Joint Powers Act: Charter Schools, Op. Att'y Gen., 3 (March 11, 1994).

Data and Analysis

Data provide a comprehensive view of charter schools.

The data for this study came from five sources:

- a review of documents submitted to the Department of Education by the charter schools
- a survey of the members of the 20 local school boards that debated 18 different charter school proposals between 1991 and 1993 (two school boards debated two different proposals; some of the proposals were submitted to multiple boards)
- phone interviews with superintendents of those 20 districts
- site visits to the six charter schools operating in Minnesota as of February 1994
- a survey of parents of students attending the six charter schools operating in February 1994

The local school board survey consisted of open-ended and scaled-response questions. The questions focused on the concerns with and the benefits of the proposed charter school, board member perceptions of the degree and type of effect that the proposed charter school would have on the school district, and general views of the charter school concept. One hundred forty-eight board members received surveys and 53 percent of the surveys were returned. The response rate was very similar from boards that approved proposals and boards that denied proposals. In 14 of the 20 districts we received responses from a majority of the board members.

The superintendent phone interviews closely followed the format of the board member surveys.

Site visits to the six charter schools operating in February 1994 provided the third source of data. One additional charter school, Skills of Tomorrow, opened in the spring of 1994 after we had finished our site visits, and we were unable to schedule a visit to that school in time to include it in this report. The site visits consisted of a tour, interviews with teachers and staff, and interviews with charter school board members. In most cases,

the visits also included interaction with students and brief observation of classroom teaching.

The survey of a sample of charter school parents also consisted of both open-ended and scaled-response questions. The parent survey focused on reasons for choosing the charter school, level of satisfaction with the charter school, and type of involvement with the charter school and the school the child attended prior to the charter school. We surveyed a random sample of parents at each of the six charter schools we visited. There was no response from parents of students at the City Academy charter school, which was not unexpected given that the school serves many students who are homeless, parents themselves, or who have little contact with their parents. The response from parents of the students attending Cedar Riverside charter school was also very poor. This school primarily serves a low-income population with many non-English speaking parents, which may have affected the response rate. Table 1 shows the overall response rate on the parent survey and the response rate from parents at each of the charter schools surveyed.

Table 1
Response Rates for Charter School Parent Survey

Charter School	Parents Surveyed	Surveys Returned	School Enrollment	Response Rate
Bluffview	50	30	73	60%
Cedar Riverside	50	4	93	8%
City Academy	10	0	44	0%
Metro Deaf School	16	8	16	50%
New Heights	50	23	195	46%
Toivola-Meadowlands	50	22	196	44%
Total	**226**	**87**	**617**	**38%**

Charter School Proposals

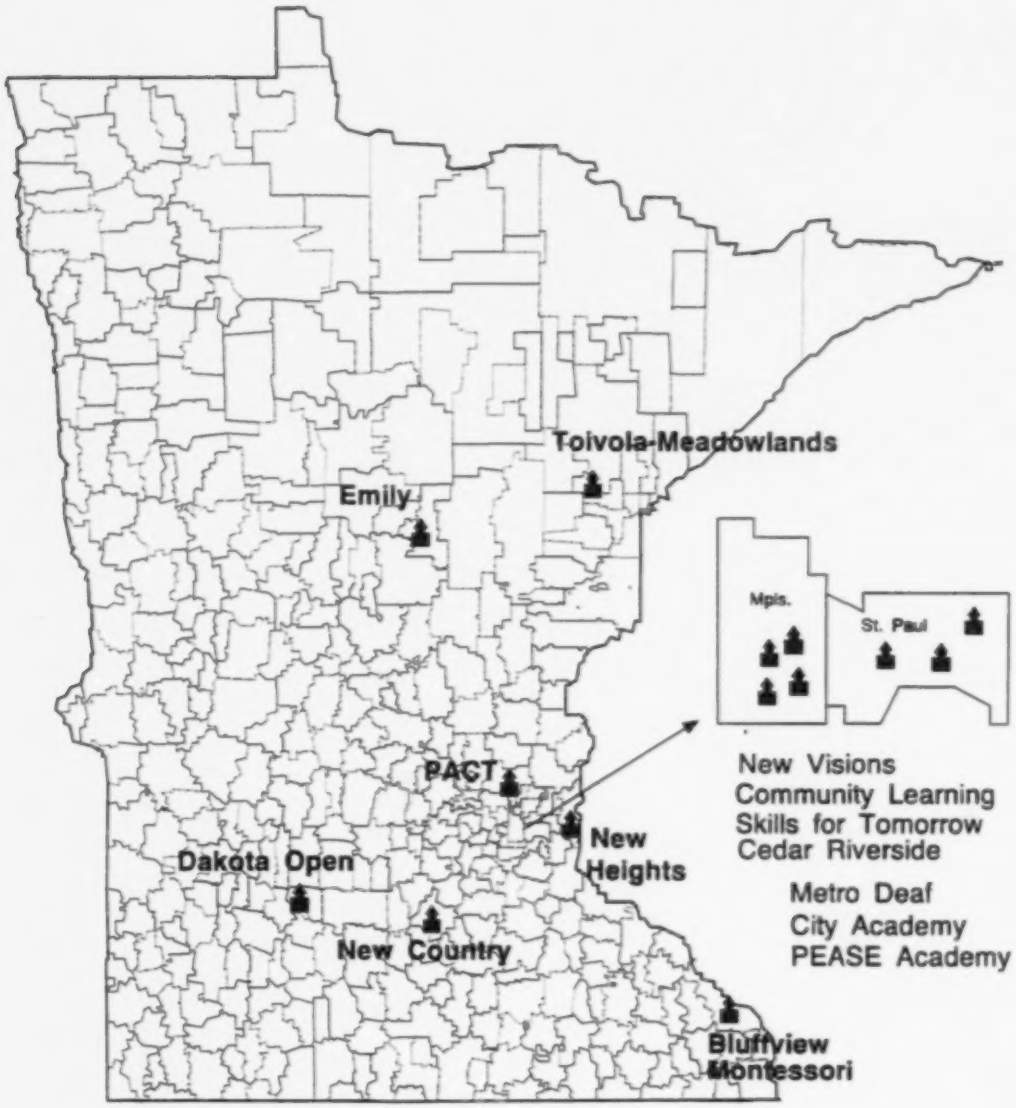
Over half the charter schools proposed in Minnesota have been approved.

Twenty-one charter schools have been proposed in Minnesota. Local school boards agreed to sponsor 13 of those (62 percent), and one is being sponsored by the Minnesota State Board of Education.

Of the 14 charters that have been approved, five are in small towns in rural Minnesota, seven in Minneapolis or St. Paul, and two in suburban areas. Of the eight denied charter proposals, only one was from Minneapolis or St. Paul, two are from suburban areas, and the rest are from small towns in greater Minnesota.

Two schools began operating during the 1992-93 school year, four opened in the fall of 1993, one opened early in 1994, and seven are in the planning stages and scheduled to open in the fall of 1994. The map on the next page shows the location of each approved charter school, and Table 2 describes each of the schools. Appendix A provides a brief history of each of the seven charter schools operating in 1994.

Figure 2
Charter Schools Approved as of September 1994



Charter schools not open as of February 1994 are shown in their proposed sites.

House Research Graphic

Table 2
Charter School Proposals Approved for Sponsorship by School Boards

Charter School/ Sponsoring District	Description	Status
Bluffview/ Winona	Montessori (operating as a private program at the time of application)	opened March 1993
Cedar Riverside/ Minneapolis	Community school for low-income children and families	opened September 1993
City Academy/ St. Paul	Community school for students not in school or who are likely to leave	opened September 1992
Dakota Open School/ Morton	School that integrates the traditional Dakota learning process, multiculturalism, and the open school model	scheduled to open Fall 1994
Metro School for the Deaf/ Forest Lake	School for students who are deaf or hearing impaired	opened September 1993
Minneapolis Community Learning Center/ Minneapolis	Low student/staff ratio, emphasizes personalized, results-oriented learning plans, integrates on-site social services	scheduled to open Fall 1994
New Country/ LeSeuer-Henderson	Rural school that emphasizes technology and problem solving	scheduled to open Fall 1994
New Heights/ Stillwater	Serves students who may not be successful in traditional setting	opened September 1993 with two sites, one site closed in early 1994
New Visions/ Minneapolis	Multi-disciplinary approach incorporating developmental optometry, EEG neurofeedback, and special education services. Serving primarily students with reading or learning difficulties.	scheduled to open Fall 1994
Parents Allied with Children & Teachers (PACT)/ Anoka	School emphasizing parent involvement in student learning	scheduled to open Fall 1994
P.E.A.S.E academy/ Red Lake Falls	School for students with drug abuse or chemical abuse problems	no scheduled opening date
Skills for Tomorrow/ Rockford	Emphasizes vocational/technical education	opened March 1994
Toivola Meadowlands/ St. Louis County	Rural school that emphasizes multi-age education and community resources	opened September 1993

The New Country and New Visions charter proposals were first denied and then approved by the same school board. Those proposals are treated as approved proposals in this study.

Eight proposed charter schools have been unable to find a district that would agree to act as a sponsor.

School boards refused to sponsor eight, or 38 percent, of the 21 charter school proposals. One application for a charter school, Rapidan, was disapproved by the State Board of Education after the proposal received local board approval. Two of the eight proposals without a sponsor appealed to the Minnesota State Board of Education for sponsorship. The State Board agreed to sponsor the Emily charter school in September 1994; the Sudbury appeal has been tabled indefinitely awaiting action by the proponents. Table 3 provides a brief description of the charter school proposals school boards have refused to sponsor.

Table 3
Charter School Proposals Denied Sponsorship by School Boards

Charter School	Description	Status
Cannon Valley	Rural school that emphasizes cooperative learning	no further action
CHOICES	Rural school that emphasizes technology and multi-age grouping (a small program existing within another school district at the time of application)	no further action
Emily*	Rural school that focuses on child-centered learning	approved for sponsorship by the State Board of Education
Forest Lake Montessori	Montessori (operating as a private program at the time of application)	operating as a district option
Mounds View Area Learning Center (ALC)	Serves students who have not succeeded in traditional public schools; currently operating as a district ALC	operating within the district as before
Rapidan*	Rural school emphasizing agri-business themes	approval denied by the Minnesota State Board of Education
Rochester Montessori	Montessori (operating as a private school at the time of application)	operating as a district option
Sudbury	Directed at students currently taught at home; integrates "town meeting" philosophy into curriculum	on appeal to the State Board

* The Rapidan proposal was rejected by one school board, approved by one school board, and then rejected by the Minnesota State Board of Education. Throughout this paper, it is treated as a denied charter. The Emily proposal was denied by the school board, but the State Board of Education has agreed to act as its sponsor. In this report, it is treated as a proposal that was denied sponsorship.

In general, charter school proposals are of three types.

The 21 charter school proposals that have been submitted to Minnesota school districts since 1991 for sponsorship fall into three broad categories:

(1) proposals for new programs directed at specific student populations (9 proposals)

(2) proposals from existing schools or programs (9 proposals)

(3) proposals for new programs directed at the general student population (3 proposals)

Table 4 classifies the 21 different proposals submitted to Minnesota school districts for sponsorship and shows whether the proposals were approved or denied.

Table 4
Types of Charter School Proposals

	Proposals for new programs directed at specific student populations	Proposals from existing schools or programs	Proposals for new programs directed at the general student population
Proposals approved by school districts	City Academy New Heights PEASE Academy Skills for Tomorrow Metro Deaf School Dakota Open School Cedar Riverside PACT	Toivola-Meadowlands Bluffview Montessori New Visions *	New Country Mpls. Community Learning Center
Proposals denied by school districts	none	Forest Lake Montessori Rapidan Rochester Montessori CHOICES Mounds View ALC *	Cannon Valley
Charters on appeal to State Board of Education	Sudbury	Emily**	

* The New Visions and Mounds View ALC were existing programs that were also directed at a specific student population.
** The State Board of Education has agreed to sponsor the Emily proposal

Eleven proposals were directed at specific student populations.

Of the 21 different proposals, 11 address the needs of specific student populations. Nine of the 11 were new programs or schools, two were pre-existing programs.

Five of the proposals were targeted at some segment of the "at-risk" population, (City Academy, Mounds View Area Learning Center (ALC), New Heights, New Visions, and the PEASE Academy).

The Skills for Tomorrow school features a secondary curriculum with a heavy vocational-technical emphasis, aimed at students who are not bound for college. The school's goal is to facilitate the transition of these students from high school to postsecondary vocational-technical education and employment.

Metro School for the Deaf focuses on students who are deaf or hearing-impaired.

The PACT and Sudbury proposals focused on students currently taught at home. The two remaining proposals in this category, Dakota Open School and Cedar Riverside, were primarily efforts to meet the needs of a specific geographical community; a rural community with a high American Indian population in Morton, Minnesota and an inner-city integrated neighborhood in Minneapolis.

Most of those proposals were approved by local school boards.

School boards approved all but one of the nine proposals for new programs directed at specific student populations, and that one is on appeal to the State Board of Education. The Sudbury proposal, although denied sponsorship, received two votes of support from a school board and, consequently, was allowed to appeal to the Minnesota State Board of Education for sponsorship. The group proposing the Sudbury school has been invited by Department of Education personnel to work with the State Board and the Department of Education but has not, as yet, indicated interest in doing so.

Nine proposals came from existing schools or programs.

Nine proposals came from programs or schools that already existed in some form before applying for charter status. The Emily, Rapidan, and Toivola-Meadowlands schools were district-operated K-12 schools that the districts planned to close. In each case, the proposed closure provided the impetus to develop the charter school proposal.

School boards and the legislature debated whether it was appropriate to use the charter school law to keep a school open. In 1993, an amendment to the charter school law was passed that prohibited using a charter school to keep a school open against the wishes of the school board. In the case of Toivola-Meadowlands, its board argues that although the school's imminent closure provided the catalyst for developing the charter school proposal, the charter school meets the requirement of innovation currently in law. The Emily proposal is currently on appeal to the State Board of Education. The Emily proponents have been working with the Crosby-Ironton district and the Board to develop a program that meets the requirements of the charter school law. That program is likely to be approved by the State Board, and the school intends to begin operating as a charter school in the fall of 1994.

Three privately operating Montessori programs, one in Winona (Bluffview), one in Forest Lake, and one in Rochester applied for charter status. Proponents of these proposals argued that if charter status was granted to the schools, the Montessori option would be available to public school parents and students who could not afford the cost of private Montessori education.

CHOICES was a small technology-based program operating in a classroom within a district school. The CHOICES charter proposed to expand the approach to an entire school.

Finally, two of the proposals from pre-existing programs focused on special populations (Mounds View ALC and New Visions).

Only three of those proposals were approved by school boards.

Two of the proposals from existing programs, Bluffview and Toivola-Meadowlands, were the first and third charter school proposals approved by a local school district and the State Board of Education. Forest Lake and Rochester both rejected proposed Montessori charters and subsequently provided Montessori options within the school district.

The Mounds View school board rejected the Mounds View Area Learning Center proposal primarily because the board perceived no advantage in changing from a district-supported alternative to a charter school. The program continues to operate under district control. By keeping the ALC under district control, the board felt it could continue to provide alternative programs within the district and meet the needs of the district's students. The district had nothing to gain, and potentially something to

lose, from switching from a district-regulated program to a charter school.

The New Visions school proposal grew out of a program called "A Chance to Learn." This program was offered as an alternative for a limited number of Minneapolis students with reading or learning difficulties through a partnership between the district and the program. The Chance to Learn program then developed the New Visions school and submitted a charter proposal to the Minneapolis school district. Some of the school board members considered the school's methods to be relatively new and as yet unproven. The board chose not to sponsor the initial charter proposal. Instead, the district contracted with the New Visions school as a district alternative. After a year of contracting, and some change in school board membership, the school re-submitted the charter proposal and received approval from the Minneapolis school board. The New Visions charter school will open in the Fall of 1994.

The Crosby-Ironton school district refused to sponsor the Emily proposal. However, the State Board of Education agreed to sponsor the Emily charter school in September 1994.

Three proposals offered programs for the general student population; two have received board approval.

The three remaining charter school proposals—Cannon Valley, New Country, and the Minneapolis Community Learning Center—all offered new programs that could serve the general student population.

A group of parents who were dissatisfied with the district's middle school offerings developed the Cannon Valley proposal. After lengthy debate in the community and by the school board, the charter proposal failed to receive district approval on a close school board vote.

The New Country charter proposal emphasized its rural setting and intent to integrate community resources into the school curriculum. The school board initially rejected the proposal; however, after the charter proponents revised the proposal to address the board's concerns, the same board approved the proposal a year later.

The Minneapolis Community Learning Center proposal was jointly developed by the Minneapolis Urban League, the Augsburg College Center for Teaching and Learning, and other community members. Its curriculum will focus on small class sizes, parent involvement, individualized, results-oriented

learning plans, integration of technology and social services in the program. It is not clear from the proposal whether this program will ultimately be directed primarily at students of color, students at-risk, or the general student population. The Minneapolis school district approved this proposal in the summer of 1994, and the school plans to open in the fall of 1994.

Charter school proposals that focus on special student populations are most likely to be approved.

In general, school boards have approved proposals that target specific populations, particularly populations that included at-risk pupils, special education pupils, or drop-outs. These are students that districts often find it difficult and expensive to serve. A charter school that focuses on these populations may drain fewer resources out of the district. Faced with a proposal from an existing program, many districts preferred to provide choices (e.g. Montessori or an alternative program) within the district and maintain control of the program and the funding.

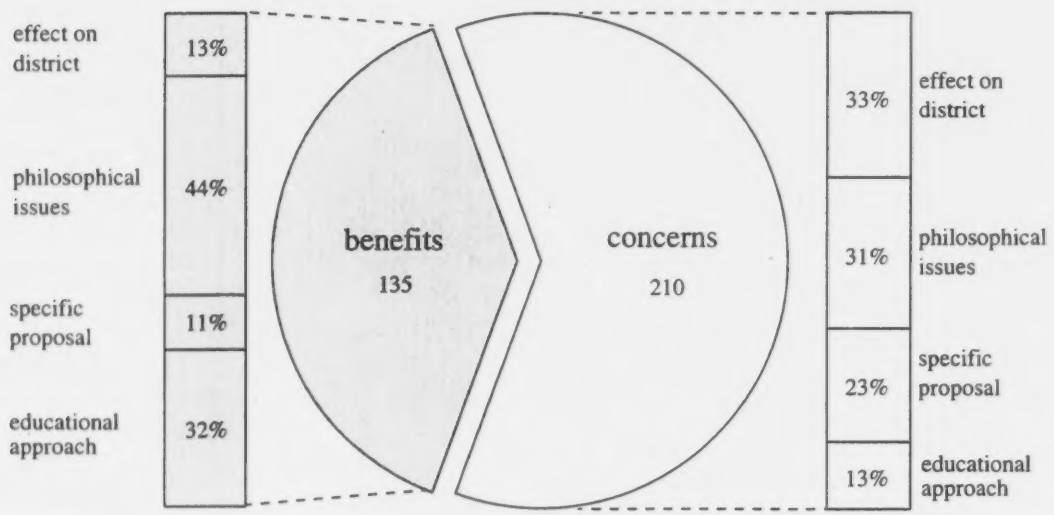
School Boards Debate the Charter School Proposals

We asked school board members to describe the debate over the charter school proposal in their district. A number of common themes emerged from the reports of these debates. Data on school board perceptions of the benefits and concerns associated with charter schools come from responses to open-ended questions on the school board member surveys. We grouped the board member reports of the benefits and concerns about charter schools raised in the debates into four primary categories and a number of subcategories. The results of the categorization appear in Figures 3 through 7.

School boards focused primarily on concerns about charter schools.

As Figure 3 shows, board members reported discussing more concerns about the charter school proposals than potential benefits. When asked to list the concerns and perceived benefits of charter schools that were discussed when the proposals were debated, 213 or 61 percent of the responses were concerns compared with 135 or 39 percent that were characterized as benefits. This may indicate that board members had more worries than hopes regarding charter schools. But this data is also consistent with the tendency of groups to focus discussion on the potential negative, rather than positive, effects of a proposed change in the status quo. It is also important to remember that board members were asked to characterize the debate on the charter school proposal held by their board. They were not asked to list the concerns and benefits to which they ascribed. The response to this question characterizes the debate—not board members' opinions. In some cases, although concerns were listed, board members indicated that those concerns, upon examination, were not significant or were adequately addressed by the charter proponents.

Figure 3
Types of Concerns and Benefits Raised in School Board Debates



Percentages may not sum to 100 percent due to rounding.

House Research Graphic

School boards raised four types of issues as they debated charter schools proposals.

Board members raised four types of issues during the charter school debates:

- the effect the charter school might have on the district
- philosophical issues
- issues specific to the individual proposals
- issues concerning the educational approach of the charter school

Figure 3 shows the types of issues that concerned school boards as they debated the different charter school proposals. Each of these issues had positive and negative aspects.

Boards were very concerned about the possible negative effects the charter school might have on the district.

About a third of the concerns raised by board members focused on negative effects the charter school might have on the district. However, only 13 percent of the benefits discussed included those that might have had a positive effect on the sponsoring district.

Boards that did not approve charter school proposals raised more concerns about the effect on their district than boards that approved proposals.

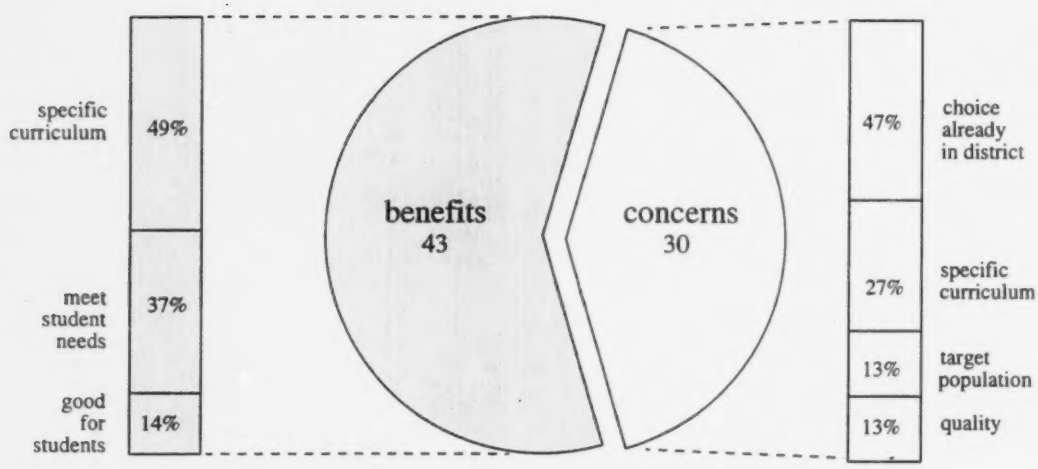
Philosophically, boards expressed both concerns with and support for the charter school concept. About a third of the concerns brought up by the board members involved philosophical objections to the charter school concept, while 44 percent of the benefits reported included support for choice in general and the concept of charter schools.

Boards raised relatively few concerns about the educational approach proposed by the charter school or its quality.

Figure 3 shows that overall, very few of the boards' concerns focused on the educational aspects of the charter schools. Only 13 percent of the concerns raised by board members focused on the curriculum or educational approach proposed by the charter school. In contrast, almost a third of the benefits attributed to the charter school proposals focused on the proposed curriculum.

Figure 4 shows the specific benefits and concerns board members raised about the charters' educational approach. Almost 60 percent of the specific educational issues raised were perceived as benefits. Almost half of these were attributed to the specific curriculum proposed by the charter school, and most of the rest came from the charters' focus on meeting the needs of specific types of students.

Figure 4
Concerns and Benefits: The Charters' Educational Approach



Percentages may not sum to 100 percent due to rounding.

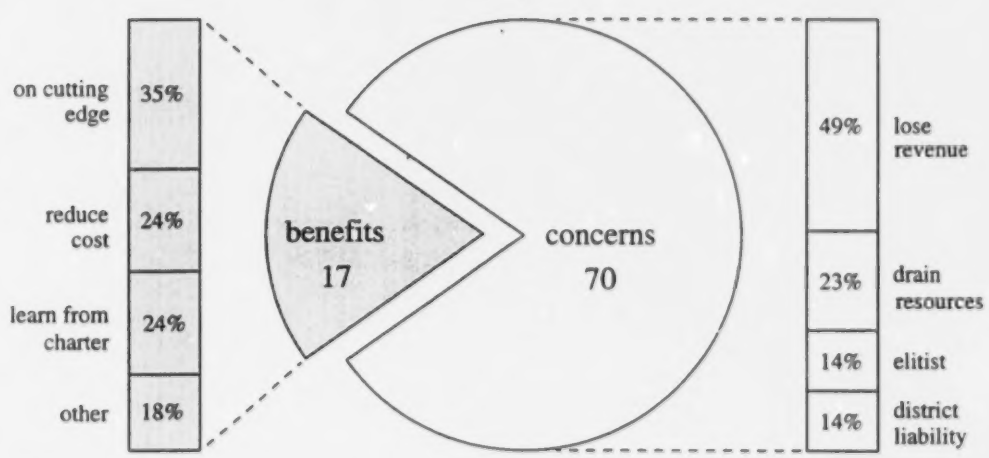
House Research Graphic

The most frequent concern expressed about the proposed curriculum was that it replicated options already available in the district.

Boards were very concerned about the negative effects the charter school could have on the district.

Figure 5 shows that boards were concerned about the potential negative effects a charter school could have on the district, particularly in causing revenue loss. Almost half of the concerns raised involved losing the revenue associated with district students choosing to attend the charter school. Another 23 percent of the concerns involved draining district resources to assist the charter school operation, primarily in the form of district personnel time. Board members also reported concerns with whether the charter school would cause liability problems for the sponsoring district and whether the school would be elitist, creaming off the best pupils in the district.

Figure 5
Concerns and Benefits: Effect of the Charter School on the District



Percentages may not sum to 100 percent due to rounding.

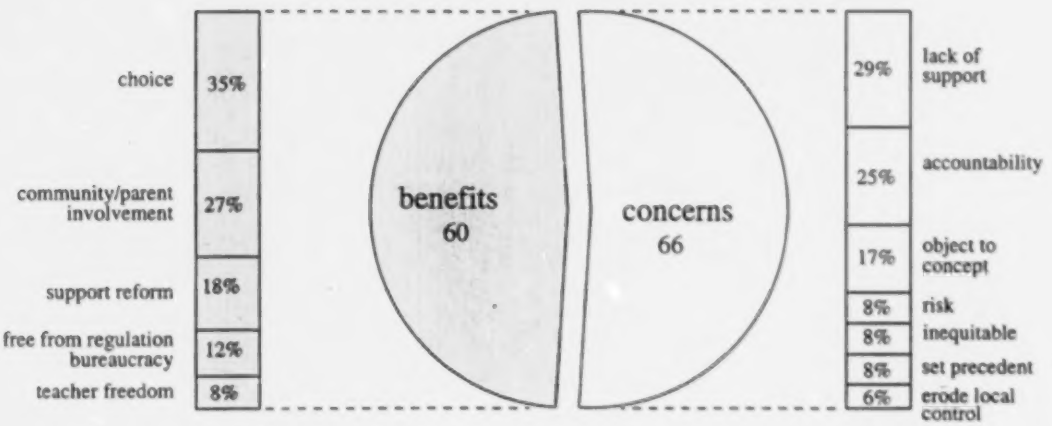
House Research Graphic

Putting the district on the cutting edge of education reform was reported as one potential positive effect of sponsoring a charter school. Other positive aspects of the charter, from the district perspective, included the chance to learn from the charter school and reducing, or at least not increasing, district costs.

Board members were divided in their support for the charter school concept.

Figure 6 shows that the primary philosophical benefit of charter schools discussed by the boards was that the schools would provide more choice for students and parents (35 percent). Board members also saw benefit in the potential for encouraging greater community and parent involvement in the school. Additional philosophical benefits associated with charter schools included freedom from regulation, providing teachers with more freedom and a support for charter schools as a part of general education reform.

Figure 6
Concerns and Benefits: Philosophical Issues



Percentages may not sum to 100 percent due to rounding.

House Research Graphic

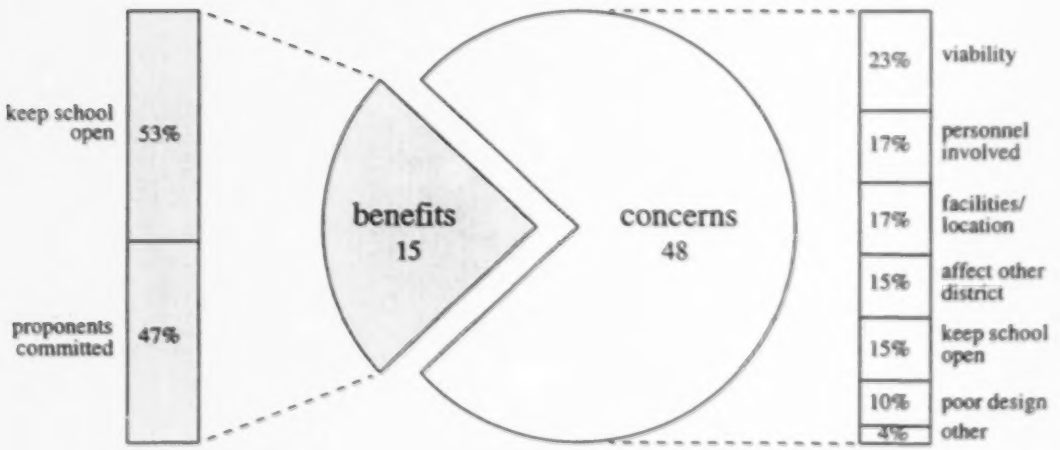
The primary philosophical concerns about charter schools included a perceived lack of community support for the charter school and a fear that the charter school would not be sufficiently accountable. Other philosophical objections raised were that the charter school was a risk for the district; the charter school concept was inequitable because it gave charter schools an unfair advantage by freeing them from regulation; allowing one charter school would set a precedent and more charter schools would be hard to refuse; and charter schools represented an unacceptable erosion of local control.

Boards raised a number of concerns specific to individual proposals.

Figure 7 shows that the concern most frequently raised with respect to specific proposals, was that the charter school as proposed would not be a viable enterprise (23 percent of the concerns). Other concerns included the capability or motives of personnel involved, the facilities chosen for the school, that the school would negatively affect other school districts, and that the proposal was poorly designed.

On the benefits side, boards were impressed by the commitment of the charter school proponents.

Figure 7
Concerns and Benefits: Specific Proposal Issues



Percentages may not sum to 100 percent due to rounding.

House Research Graphic

School boards discussed both the positive and negative aspects of using a charter school to keep an existing school open. The concerns focused on fears that the school would not be viable in terms of student population and funding. On the benefit side, the boards were sympathetic to the community's desire to keep a local school open.

Characteristics of the Operating Charter Schools

Tables 5 and 6 on pages 33 and 35 show the general characteristics of the six charter schools operating in February 1994.

The charters ranged from very small (16 pupils) to moderate size (196 pupils).

The smallest charter school was the Metro Deaf school, with 16 pupils, all requiring special education. The City Academy, serving drop-outs and at-risk pupils, was also quite small with 44 pupils. Bluffview and Cedar Riverside both served between 75 and 100 pupils, and Toivola and New Heights were the largest charter schools, each serving just under 200 pupils.

The charters had remarkably small classes.

Table 5 shows that the student:teacher ratio ranged from 4:1 and 5:1 at the two smallest charters (the Metro Deaf school and City Academy); 10:1 and 12:1 at the two moderate size charters (Cedar Riverside and Bluffview) and 18:1 and 20:1 at the two largest charters (New Heights and Toivola).

About half of the charters clearly served special populations.

Table 5 shows that the Metro Deaf, City Academy, and Cedar Riverside schools clearly served the special populations they were designed to serve: deaf or hearing impaired, drop-outs and at-risk students, and low income neighborhood children. The other three charters served the general population, Toivola and Bluffview both serving primarily students from within the sponsoring district, and New Heights attracting a number of students from outside the district. Although the New Heights school defines itself as a school that serves at-risk students, the school administration reported that students and parents determine whether students are considered at-risk. It is difficult to determine the degree to which the school indeed serves an at-risk population.

Table 5
Charter Schools: Enrollment and Population Characteristics

Charter School/ Sponsoring District	Student Population Characteristics	Number of students and grades at school	Student/ staff ratio
Bluffview Montessori/ Winona	few minority students many previously attended private Montessori 13 students eligible for free or reduced lunch	73 K-6	12:1
Cedar Riverside/ Minneapolis	many minority students many recent immigrants previously bused to over 40 schools 70% eligible for free or reduced lunch many from single parent families 30% live in apartment complex where school is located some previously attended closed Catholic schools most residents of Minneapolis school district	93 K-8	10:1
City Academy/ St. Paul	many minority students many suspended from other schools most from area surrounding school 25% homeless 95% eligible for free and reduced lunch most residents of St. Paul school district	44 ages 16-21	5:1
Metro Deaf/ Forest Lake	all deaf or hearing impaired draw from statewide population of 800-900 students from many surrounding school districts some are placed at MDS by district, others by parents	16 K-7	4:1
New Heights/ Stillwater	from many different districts, only 30% from Stillwater few minority students some placed by parents who view student as "at-risk"	195 K-12	18:1
Toivola-Meadowlands/ St. Louis County	85% from area surrounding school most from St. Louis County school district 10% on free and reduced lunch few minority students	196 K-12	20:1
Enrollment figures were provided by the charter schools in February 1994.			

Each charter school receives approximately the same amount of state aid per pupil; however, the amount of grant funding received varies from none to $300,000.

Table 6 shows the state aid and grant funding received by each charter school. The charter schools receive nearly the same per pupil revenue as other public schools, but they receive it solely as state aid. The charter schools have no access to the referendum levies or other tax levies available to school districts. Charter schools that serve special education students, for example the Metro Deaf school, receive per pupil funding for providing special education just as a regular school district does.

All but one of the charters received some grant funding; two received significant grants of over $200,000. The grant funding provided a way to fund start-up costs for some of the schools.

Of the charters that received only limited grant funding, one had few start-up costs (Bluffview, formerly a private school, leased itself all the existing school equipment at a minimal cost), and the Metro Deaf school had only 16 pupils, most of whom have expenses billed back to the resident districts under state and federal funding processes for special education. City Academy received only $40,000 in grant funding, but with only 44 pupils, the $40,000 was adequate to fund start-up costs. Only one of the charter schools, New Heights, neither sought nor received grant funding and paid all start-up costs out of operating expenses.

One way that charter schools maintain their small class sizes is by controlling teacher salaries.

Table 6 describes how the charter schools are handling teacher salary and benefit issues. Only one of the charters, the Metro Deaf School, actually follows the salary schedule in the district in which the school is located. The other charters either pay their teachers a flat rate (e.g. $20,000) regardless of the teacher's training or experience, or pay inexperienced teachers a salary comparable to other teachers in the district, but pay experienced teachers less than their district's counterparts. The charters' ability to regulate teacher salary, without regard to seniority, may be a key factor in their ability to survive financially.

Charters have also made substantial use of paraprofessionals and volunteers. This has allowed them to keep both class size and costs down.

Table 6
Charter Schools: Revenue and Teacher Salary

Charter School/ Sponsoring District	Total State Revenue	Grant Funding	Teacher Salaries and Benefits
Bluffview Montessori/ Winona	$185,378	$2,000 Small misc. donations	entry level salary comparable to area public school CS pays $2000/year into health insurance plan of teacher's choice no retirement sick days and personal days paid
Cedar Riverside/ Minneapolis	$233,545	$206,000	entry level salary comparable to area public schools no retirement no dental school pays for health coverage through Prudential
City Academy/ St. Paul	$151,130	$40,000	salaries similar to St. Paul school district salary schedule turned down by TRA for retirement, not considered public school looking into PERA or own insurance fund
Metro Deaf/ Forest Lake	$52,597	$2,300 Misc. donations	salaries follow St. Paul school district salary schedule same benefits as St. Paul using COBRA for health insurance
New Heights/ Stillwater	$819,245	None	all teachers start at $20,000 health benefits paid for by the school teachers received merit pay program directors get additional salary employees have option to trade benefits for salary
Toivola-Meadowlands/ St.Louis County	$668,460	$300,000	all teachers start at $20,000 health benefits paid for by the school semi-annual performance review merit increases on basis of performance review

The different charter schools have developed very different outcomes.

Each charter school is required to include student outcomes in their contract with the sponsoring district. Those outcomes then provide the base for holding the charter accountable for educating students who choose to attend. The sponsoring school district may decide not to renew the contract with the charter school if students fail to achieve the outcomes included in the contract.

Outcomes range from "remain arrest free" to "understand the physical world, earth, and space".

The charters developed their outcomes in different ways. Some reviewed student outcomes developed by the sponsoring district, the State Board of Education, and other states. Most tended to use some of these, then further refine them to fit their specific student population. Some of the charters developed very specific outcomes by grade; some have outcomes that are broader and more difficult to measure. The smaller charters that serve specific student populations tend to have outcomes that are quite unique, focused on the specific needs of their students. Charters that serve the general population tend to have broader, less focused outcomes. These charters have struggled, as the state is struggling, to agree on clear, measurable outcomes for their students. Some of the charters feel their outcomes are very much "works in progress", and continued to refine them during their first year of operation.

The following section includes examples of student outcomes that were included in the charter school contracts.

New Heights Outcomes

New Heights The New Heights school in Stillwater divided outcomes into comprehensive outcomes and content outcomes. Examples of comprehensive outcomes include:

The New Heights graduate:

- thinks purposefully: uses strategies to form concepts, make decisions, and solve problems
- directs own learning: sets well-defined goals and manages the process of achieving them
- communicates effectively: conveys messages through a variety of methods and products

- works productively with others: participates as a team member in pursuit of group goals and products

Examples of the content outcomes for New Heights students include:

- Understands and expresses thoughts and feelings in English and another language by applying reading, writing, speaking, and listening strategies appropriate to the audience and purpose.

- Applies multiple methods of inquiry in order to plan and conduct research, draw conclusions, and communicate and apply findings.

- Understands the relationships among the earth's physical features and people across cultures and time.

The contract states that New Heights students will demonstrate attainment of graduation outcomes standards by providing "two or more culminating demonstrations during the last three years prior to graduation that combined, demonstrate all of the comprehensive outcomes:

(1) Demonstration of comprehensive outcomes in an interdisciplinary and life context.
(2) In-depth exploration of an issue, topic, or theme.
(3) Reviewed by representatives of the school and community."

City Academy Outcomes

The outcomes for City Academy students, a high-risk student population, clearly reflect the needs of students who attend the school. The overall goal of the school is "to provide resources for life-long education and social participation aimed at the elimination of self-defeating or destructive behaviors." Examples of specific objectives include:

- achieve grade level academic skills in reading and math
- strive to maintain smoke free, chemical free involvement in the program activity
- exposure to a minimum of four forms of self-initiated, life-long recreation/education opportunities
- remain arrest free, maintain attendance in academic program, and reduce number of absences
- receive appropriate assessment and placement counseling and follow-up support from a vocational counselor

Each of these objectives is accompanied by a list of related activities. For example, related activities for achieving the objective of remaining drug free include educational programs aimed at root causes for self-destructive behavior (self-esteem and lack of confidence); programs stressing impact on self and community (such as MADD); activities in support of change and response to problems created (American Lung Association, MADD); and health and exercise activities aimed at long-term substance abuse reduction and elimination.

Metro Deaf School Outcomes

The outcomes for students at the Metro Deaf School are very detailed and specific. The contract lists outcomes in six areas: deaf studies, language arts, reading, math, science, and social studies. In each area, the outcomes are specified by grade. Examples of the outcomes include:

- Add, subtract, multiply, and divide fractions and solve problems involving fractions (math, grade seven)
- translate written English passages to grammatically correct American Sign Language (ASL) (reading, grade four)
- describe the function of and locate/label the digestive, respiratory, and circulatory systems (science, grade seven)
- discuss in ASL current events on a regular basis (social studies, grade one)

In addition to these outcomes, each student, as a special education student, will have an individual education plan (IEP).

Toivola-Meadowlands Outcomes

Outcomes were included in the contract between Toivola-Meadowlands and the St. Louis County school district, but the school continued to work on refining the outcomes during the first year of operation. In general, the school planned to meet or exceed the outcomes developed by the state and those developed by the sponsoring district. Examples of the outcomes required for graduation listed in the contract include:

- demonstrate the knowledge, skill, and attitude required to communicate with words, numbers, visuals, symbols, and sounds.
- demonstrate the knowledge, skill and ability to understand the diversity and interdependence of groups and individuals

in society. The graduate will also demonstrate the ability to work in a group or independently.

- demonstrate the knowledge, skill and attitudes essential for maintaining a balance among career, personal, and family activities.

The contract notes that achievement of outcomes will be assessed by "criteria and reference testing and /or mastery demonstrations."

Cedar Riverside Outcomes

Outcomes for Cedar Riverside were developed by the teachers who established the charter. They looked at the Minnesota State Board of Education outcomes, outcomes from Colorado, and outcomes in education journals. They chose the outcomes that they felt were most appropriate, especially those dealing with the social aspects of students lives.

The outcomes are structured as overarching goals, each of which has more specific objectives and associated activities and strategies that will allow students to meet that objective. Examples of the goals, objectives, and related activities include:

(1) Goal: Students will view themselves and others as responsible persons with a range of potential roles that benefit their community.

objective: self concept

activities (pre-K):
introduce family, school and community roles
meet people with differing roles both in school and in the community
"try on" roles through role-playing

(2) Goal: Responsible citizenship

objective: understand and participate in local community

activities:
volunteer in community organization or project
learn about and report on three different cultures in the community
conduct a survey and report on a community issue
present a viewpoint (orally or in writing) on a community issue to an elected official
learn Parliamentary procedure and conduct a meeting

visit city government

(3) Goal: Students will value the learning of language as a means towards independence, understanding, and communication.

objective: immersion/authorship, oration, evaluation

activities (grade 1-2):
model reading and writing of various literary forms
letter combinations = one word
expand writing rules: words, sentences, proper nouns
writing opportunities
self-evaluation/editing
introduce library
introduce oral interpretation

For assessments, the Cedar Riverside charter intends to use the same standardized tests and testing schedule used by the Minneapolis school district. The charter will administer the tests and return them to the district for scoring. The school is also exploring additional, alternative methods of assessment.

Bluffview Montessori Outcomes

The Bluffview Montessori charter school is unique among the charter schools in having a nationally recognized curriculum. The school's curriculum is based on developmental learning and incorporates Montessori materials. The school employs Montessori-trained teachers.

The Bluffview contract includes a description of the Montessori-based program broken down by kindergarten and elementary level. The kindergarten program includes:

- practical life activities (carrying objects, pouring liquids, preparing foods, fastening clothes)
- sensorial activities (isolating qualities such as dimension, color, texture, shape),
- language activities (refine vision, hearing, and speech skills as preparation for more formal learning of language)

Most charter schools have had little effect on their sponsoring district.

Board members and superintendents were asked in surveys and interviews to indicate the magnitude and type of effect the charter school was having on their district. Board members and superintendents from six of the seven districts responded that the charters had either no effect, or a slight positive effect. Only respondents from the St. Louis Co. school district (which sponsored the Toivola-Meadowlands charter), felt that the charter had a somewhat negative effect. Two superintendents reported that the charter had both a positive and negative effect; positive because students were now being served by the charter that were not being served before and negative because the district was losing per pupil funding to the charter.

Developing outcomes and appropriate assessments is a difficult and time consuming task. Some of the charter schools will, and should, engage in a process of further developing and refining their outcomes and assessments. However, even though the outcomes may be in the early stages of development, they are still the only vehicle for holding charter schools accountable. Consequently, the appropriateness and quality of outcomes are very important.

The Charter School Parent Survey

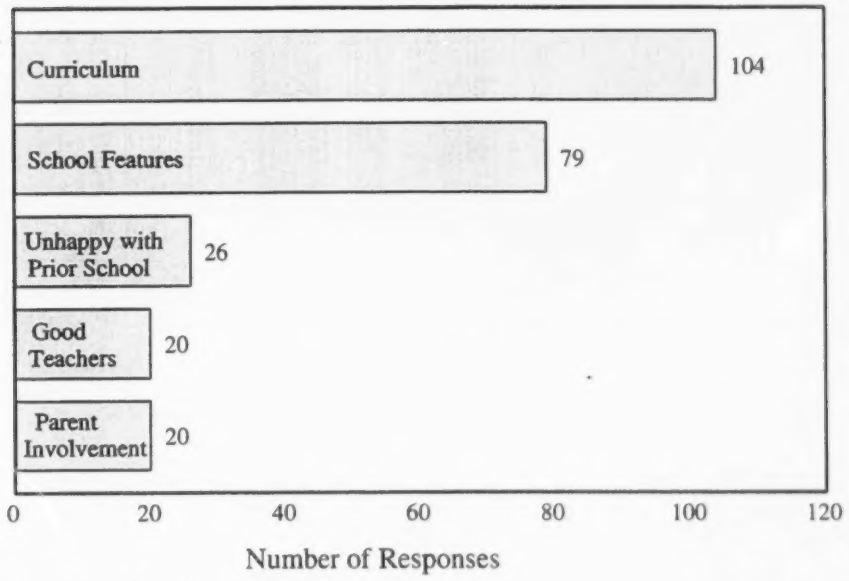
In February 1994, we surveyed a sample of parents whose children were enrolled in one of the six operating charter schools.

The school's curriculum was the main attraction for parents.

Most parents reported that the charter school's curriculum attracted them to the school. Figure 8 shows the reasons that parents gave for choosing a charter school for their child. Almost 40 percent of the responses focused on the school's curriculum, including specific features of the curriculum such as the Metro Deaf School's emphasis on teaching deaf culture and history or Bluffview's self-pacing focus, as well as general positive statements about the school curriculum.

Curriculum was most frequently cited as a reason by parents from the Metro Deaf school, Bluffview and New Heights. Metro Deaf and Bluffview parents cited very specific features of the curriculum while responses from New Heights parents tended to be more general.

Figure 8
Parents' Reasons for Choosing a Charter School*



* Figure 8 is based on 269 responses from 87 parents. Most parents reported more than one reason for choosing the charter school.

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Features of the school such as small classes, location, and school environment also attracted many parents. About 29 percent of the responses indicated that one or more of these features attracted them to the charter school. Toivola-Meadowlands parents most often cited school features as a reason.

Other reasons for choosing the charter school included good teachers, dissatisfaction with the public school, and greater opportunity for parental involvement with the charter school. Each of these reasons accounted for about 10 percent of all the reasons given.

Parents obtained much of what they wanted from a charter school.

Responses indicated satisfaction with the charter school's curriculum, teachers, and features. Figure 9 shows that the most frequently cited sources of parent satisfaction were the charter school curriculum, teachers and staff, and school features such as small classes, longer classes, a good environment and school resources (30 percent of the responses indicated satisfaction with the school's curriculum, 24 percent with the teachers and 19 percent with school features).

Figure 9
Parents' Sources of Satisfaction

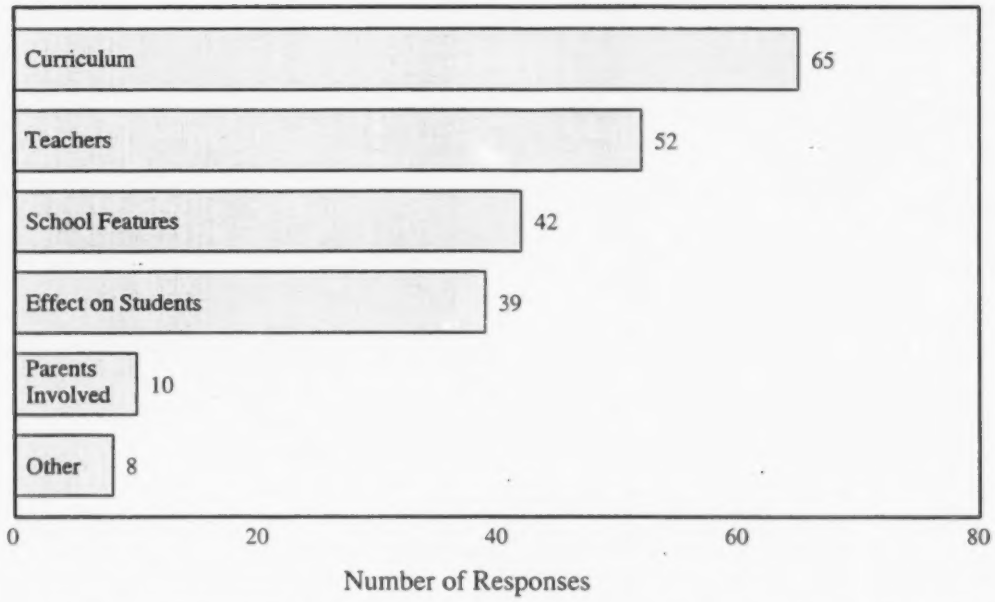

Figure 9 is based on 218 responses from 87 parents. Most parents reported more than one source of satisfaction with the charter school.

House Research Graphic

Eighteen percent of the responses showed parents were satisfied because the charter school had a positive effect on their child. The positive effects included educational and developmental progress, enthusiasm with school, and involvement in school decisions.

Fewer than 5 percent of the responses indicated satisfaction with parental involvement in the school. Only parents from Toivola-Meadowlands and New Heights reported this as a source of satisfaction.

Parents reported twice as many reasons for satisfaction as dissatisfaction.

The 87 parents who returned surveys listed 269 sources of satisfaction and only 138 sources of dissatisfaction. The most frequently cited sources of dissatisfaction included lack of resources at the school, transportation, inadequate space, the school administration, negative effect on students, and the turmoil of the school's first year. Figure 10 shows that these six reasons accounted for over two-thirds of the responses. Just over half the complaints about the administration came from New Heights parents and over half the complaints about space came from Bluffview parents. Few Bluffview parents were dissatisfied with transportation, and few Metro Deaf parents cited lack of resources as a problem. Other reasons for dissatisfaction were distributed relatively evenly throughout the charter schools.

Less frequently cited complaints (a total of 25 percent of the responses) included unclear report cards, insufficient meeting notice, too much student empowerment, too little parent involvement, student dress code, and other unspecified sources of dissatisfaction.

Figure 10
Parents' Sources of Dissatisfaction

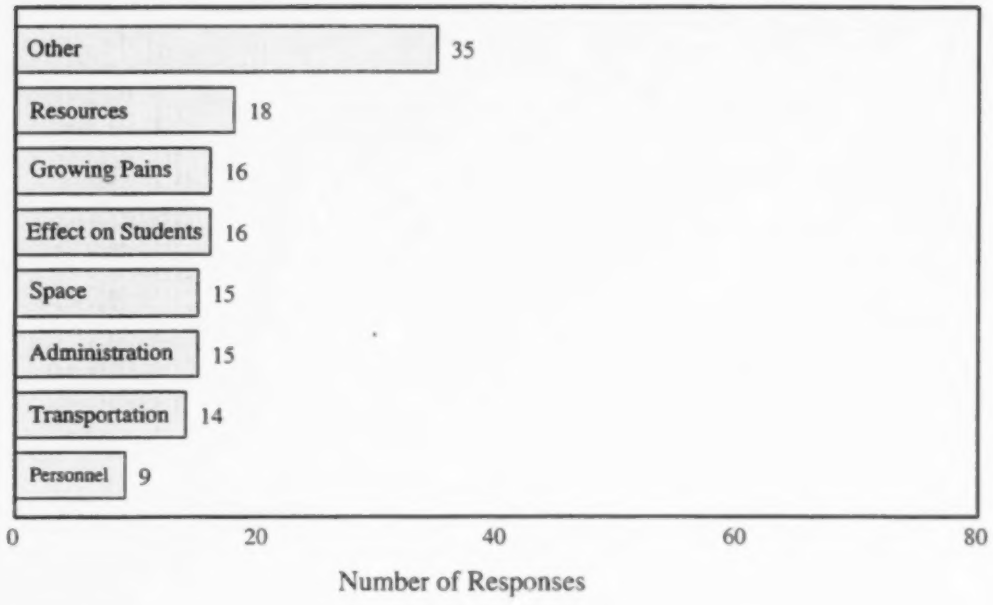

Figure 10 is based on 138 responses from 87 parents. Most parents reported more than one source of satisfaction with the charter school.

House Research Graphic

Problems Charter Schools Are Experiencing

The four areas in which charter schools are experiencing the greatest difficulty are transportation, facilities, special education, and their relationship with the sponsoring district.

Transportation

Under the current charter school law, the district in which the charter school is located is required to provide transportation for students who live in the district and attend the charter school. If a student lives outside the district and wishes to attend the charter school, the student or parent must provide transportation, at least to the district boundary. [5] The district of residence then receives transportation revenue for the resident charter school pupils. This arrangement can cause problems for both the charter school and the sponsoring district.

Both charter schools and sponsoring districts are frustrated.

The charter schools are frustrated because they must coordinate their calendars and starting times in order to fit the district's transportation schedule. This makes it difficult to structure anything but a traditional schedule. The districts are frustrated because of poor communication from some charter schools on the number and location of pupils that will require transportation and requests from far corners of the district for transportation to the charter school. Transporting children from all over the district to the charter school can be a very expensive type of transportation. Although some of the charters did negotiate transportation issues in their contract, in most cases, the district could not afford to be too flexible.

The Metro Deaf School faces an additional transportation problem.

Metro Deaf School serves primarily special education students who live outside the district in which the school is located. For these children, if their district of residence is unwilling to place them into the Metro Deaf School (e.g. attendance is strictly a matter of parental choice), then the parents must arrange transportation for the child at their own expense. If the district does place the child, the district of residence must transport the child—again, an expensive and inefficient form of transportation. This has caused a great deal of trouble for parents and districts and at least one lawsuit. This problem is symptomatic of the transportation problems most districts face when transporting special education students—it is not solely a charter school issue.

[5] This type of transportation arrangement is consistent with the transportation for other choice programs in Minnesota, such as open enrollment.

Facilities

Funding for facilities is an ongoing problem for the charter schools.

Charter schools have no access to bonding for buildings or other levies designed to meet districts ongoing facilities needs. Thus, the charters have searched, with varying degrees of success, for inexpensive and suitable facilities. Some of those charters not the sole occupant of space constructed as a school are looking for better space, but are frustrated by the lack of funds and suitable facilities.

Three charters use old school buildings.

Three of the charters are housed in old schools no longer used by the districts—two use the entire building and one leases part of the building. The two that lease the entire building, Toivola and New Heights, may have the best situation of all the charters. They pay negligible rent to the district but must still find ways to pay for repairs, handicapped accessibility renovation, and bringing the building up to code—not small issues in old buildings. Bluffview, which leases part of a school building from a private company that bought the school from the school district, is cramped and would like to expand into larger, more suitable space with recreational areas next to the school. They are exploring the option of constructing a new facility.

The remaining three charters find space where they can.

The other three charters have found space in a variety of places, and the space is rarely a perfect fit. City Academy, with its 44 pupils, found a home in a recreation center in a residential neighborhood on the east side of St. Paul. The neighborhood is often uncomfortable with the population served by the school (primarily low income, minority, drop-outs, some of whom have been suspended or expelled from the St. Paul district), and the space is cramped. Classes share space with recreational equipment, but the rent is low and the gym and playground space provide plenty of room for the students to let off steam. The community location also affords the students opportunities for involvement in community-based programs such as Habitat for Humanity.

Metro Deaf School is housed in a suite of offices in a downtown St. Paul office building. Recreation is limited to the nearby YMCA, and the rent is quite high. Cedar Riverside is located in the apartment complex that houses about 30 percent of its population. The location in the heart of the neighborhood is ideal and some of the classrooms are spacious and pleasant, but the total space is not entirely suitable. It is split into three, non-contiguous areas, some cramped. Gymnasium space is in a

nearby community center and the playground is attached to the apartment complex. There is no kitchen, and children must go outside to get from area to area.

Special Education

Although special education is paid for through state and federal funding, not all students' needs are funded. School districts throughout the state are facing significant, unreimbursed costs for special education. Some districts are stretched to their limit to provide services for their own pupils.

Some of the charters were not prepared to provide special education.

Charter schools face two problems in terms of special education: many were unfamiliar with the special education funding process, and they were unprepared to provide the assessments and services needed. Some charters simply assumed that the resident district would provided any services they required.

The Metro Deaf school, with all special education students, was aware of and prepared to provide the services students needed—that was the mission of their school. However, even they required a great deal of help from special education personnel in their sponsoring district and the state department of education, and finally hired a consultant, to guide them through the maze of special education funding.

Cedar Riverside, with many high-risk, non-English speaking students, was very unprepared to assess or provide services to its pupils. They had expected the resident district, Minneapolis, to provide the services; however, there was no process in place to communicate with the district, and that district was overstretched as it was. The charter school was fortunate to acquire a half-time social worker whose time was donated by a local charitable organization. The social worker spent a significant part of her time setting up assessments, working with the resident school district to get the services in place, and working with consultants to provide some services in-house.

Other charter schools found themselves in similar, though less severe, situations. In each case it was necessary to work with the resident district to develop a process for providing assessments and services to students who needed them, or develop a process and hire suitable personnel to provide the services at the charter school.

Relationship with the Sponsoring Distr[illegible]

This appears to be one of the most problematic areas for both the charter school and the sponsoring district. As expressed in the debates over the charter school proposals, the sponsoring districts were unsure of their role in terms of accountability and providing services to the charters. Most of the charter schools have been at best tolerated and at worst unwanted. Districts viewed them, to varying degrees, as a threat to the health and viability of the district. Many of the charters also viewed the sponsoring districts with some antagonism. In some cases they have had difficulty getting services from the district to which they felt entitled. In other cases, they would prefer not to be tied to the sponsoring district. The charters are also concerned that changes in sponsoring board membership could affect future support for the charter. As a result, most of the relationships between charters and sponsoring districts are somewhat tentative and range from neutral to antagonistic.

Both sponsor and charter must define their roles and build a relationship.

Nowhere in law, rule, or past practice is there a formal process for charter schools to interact with their sponsoring district. Each case is an individual one; each charter school and sponsoring district must set up contact people and processes for communication. This process is easier if charter school personnel are familiar with district policies and personnel. If they are not, it can be difficult for both parties.

A fairly comfortable relationship exists between the City Academy and the St. Paul school district. City Academy is small, with only 44 students, and serves drop-outs, suspended students, and other very high risk students. Losing these students has virtually no impact on the St. Paul district and, in fact, some students who are suspended by St. Paul for weapons violations are sent to the City Academy. If the school can succeed, everybody is a winner. Even this best of relationships is primarily neutral. The district provides bus passes to the local bus company for pupils who attend the school. They provide no other services and have little or no contact with the school.

The New Heights charter started out with a comfortable relationship with its sponsor, the Stillwater school district. The charter proposal was approved unanimously. The superintendent of the sponsoring district visited and board members were invited. Transportation is the only service that the sponsoring district provides, and the charter owns two buses and provides some of its own transportation. The district provided the charter with an older building, but one that was structurally sound, for $1 lease cost. Although the population served by New Heights is not as disadvantaged as that of City Academy, the school does

focus on a self-defined "at-risk" population and serves many students from outside the Stillwater districts, providing less of a threat to the Stillwater district. However, the superintendent and business manager have received a number of concerned phone calls from charter school parents and teachers about the charter's educational program and administration. Despite some concerns, the Stillwater board renewed the New Heights initial one year contract for another year.

The Cedar Riverside charter, serving primarily low-income and minority students, also has a relatively neutral relationship with its sponsor, the Minneapolis school district. However, the charter has been frustrated in its attempts to work with the district to provide special education and feels quite isolated. The need to establish new contacts and processes within the district for each area of interaction is a difficult one. Once contacts with the district have been established, the charter has been able to successfully interact with the district, but if individuals with whom the charter interacts leave the district, the charter must often start again from scratch.

The Toivola and Bluffview charters, the only two charters that serve a general student population, have relationships with their sponsoring district that verge on the antagonistic. District personnel have not visited the charters, and the Toivola charter has not invited district personnel. The State Department of Education has had to force the districts to provide transportation; members of the sponsoring board feel threatened by the charter, while members of the charter board feel ill-treated and threatened by the sponsoring board. Both the charters and the sponsoring districts feel unnecessarily restricted by the need to interact with the other.

Finally, the Metro Deaf School has had a difficult relationship both with its sponsoring district, Forest Lake, and the district in which the school is located, St. Paul. These difficulties stem primarily from problems associated with special education. As the school struggled to understand and iron out problems with special education funding and transportation, it required much time from personnel in both districts—more, in some cases, than those districts felt they could spare. These relationships have improved as the school began to better understand, and better manage, its special education funding, but that took a great deal of time.

Policy Implications

Freedom from regulation is important but may have unintended side effects.

The rhetoric associated with charter schools has stressed their independence and freedom from regulation as a way to promote reform. All of the charter schools cited the lack of regulation as a key factor in their ability to implement the types of changes they desired. They also felt that the schools' site-based structure provided the flexibility to recognize and deal quickly with issues as they arose.

However, the charter school law is structured such that charter schools are free from any restriction that is not specifically indicated in statute. This means that laws regulating meetings and elections in school districts may not be applicable to charter schools. The legislature may want to consider the degree to which charter schools are regulated in different areas.

Most of the charters rely on their freedom from the structured teacher compensation system and freedom to eliminate school administration. By paying relatively low teacher salaries, particularly to experienced teachers, and virtually eliminating administrators, the schools can afford to maintain relatively low pupil/teacher ratios. However, these may not be effective long-term strategies for developing high quality, stable schools. It may be difficult over time to keep teachers' salaries at relatively low levels. If salaries begin to rise, some of the benefits of charter schools, such as very low class sizes, may begin to erode. Teachers may also find themselves, as board members, faced with some difficult decisions about their own salaries.

As much as the teachers appreciated being board members and making administrative decisions, wearing two or more hats required a great deal of time and effort. Teachers provided latch key services, met buses, developed curriculum, made administrative decisions, sat on the board, worked with parents, and even, in one case, cleaned the bathrooms. Some of the charter schools, particularly the larger ones, may find that there is a need for separate administration and coordination. Teachers will inevitably need some relief from "doing it all," and that will involve a cost.

Accountability is still a key issue for charter schools.

Minnesota, as other states, has struggled with the concept of sponsorship for charter schools. There is a perceived need for an entity that can provide appropriate oversight and accountability for charter schools, but will not inhibit the creativity that the charters are designed to encourage. Minnesota settled on the school district as the appropriate sponsoring entity. This has proven problematic in some cases as the districts are reluctant to sponsor a school that might cost the district time and money. Also, even when sponsorship is granted, a poorly defined or hostile relationship could decrease the chances that the charter will succeed.

Acknowledging this, Minnesota amended its charter school law to allow the State Board of Education to sponsor a charter proposal that was denied sponsorship but received at least two votes of support from a school board. Two such proposals have been sent to the State Board for sponsorship. However, the Board has some concern about its ability to provide appropriate oversight and would like to consider alternatives such as assigning sponsorship to another district or perhaps allowing a postsecondary institution or municipality to sponsor a school.

There are two levels of accountability at issue for charter schools. First, the charter schools must be held accountable for educating students who attend the school. This type of accountability is provided when the charter school can show that students meet appropriate and clearly defined outcomes. Next, there is the question of who ensures that the charter schools are indeed developing appropriate outcomes and that students are meeting those outcomes. Currently, the responsibility lies with the sponsoring district to ensure that appropriate outcomes are in the contract. An examination of the charter school contracts indicates that in some cases, both the outcomes and assessments could be improved.

Although the sponsoring school board may decide not to renew a charter's contract if the charter does not meet the requirements for pupil performance contained in the contract, it is not clear that school boards have been willing or able to adequately evaluate charter school outcomes and student success. If the sponsoring district is to be held accountable for evaluating the charter schools' outcomes and the degree to which students achieve those outcomes, there may be increased reluctance to sponsor charter schools, given that the districts will need to devote considerable resources to that type of evaluation.

Charter schools should be viewed, and treated, as a business as well as an educational enterprise.

Many of the teachers who began charter schools were ill-prepared to deal with the day-to-day issues that emerged when they opened their doors. Everything from special education assessments and funding and how school finance really worked to buying computers and hiring custodians created unforeseen problems. Although most of the schools had gone through at least a year of planning, that planning tended to focus almost exclusively on the educational aspects of the school.

As we interviewed those involved with the charters, it became clear that in most cases, the schools' operators were not as aware as they should have been that a school is more than an educational enterprise—it is a business. Their lack of business expertise made the initial charter school experience a very difficult one. Each of the schools has overcome many of the initial difficulties using a combination of outside consultants, parent volunteers, department of education staff, grant funding, and contacts developed with the sponsoring district.

Although the State Department of Education provides some staff support, that help is limited. A charter school may apply to the Minnesota State Board of Education for approval as few as 30 days before school starts. If the school begins the application process shortly before the deadline, it may be difficult for Department of Education personnel to provide enough support and advice as the charters plan their operations. As charter schools increase in number and become institutionalized, they may begin to build their own support networks. Until then, problems during the first year might be alleviated by increased emphasis on charter school planning, particularly the business aspects, and a longer planning period with more input from Department of Education personnel.

The absence of start-up funding may increasingly become a problem for charter schools.

Minnesota provides no source of start-up funding for the charters. Just like any other business, a charter school will have start-up costs. Some of the charter schools have had difficulty acquiring even basic equipment such as books and desks. The existing charters relied heavily on grant funding for start-up costs. As charters become more common, grant funding may be more difficult to come by, and it may become increasingly difficult for new charters to gain a foothold.

Absence of funding for facilities may become more of a problem over time.

With no access to funding for facilities, charters are often forced to use less than adequate facilities. In some cases, the charters have acquired existing school facilities, usually quite old, at very little cost from the sponsoring district. However, as those facilities continue to age, they will require upkeep and repair, and the charter schools have no access to revenue for facilities maintenance.

Charters that are unable to purchase a building must rent or lease space. That space may not be appropriate for a school setting. If the lease is costly, the school's operating funds may be significantly reduced.

Requiring the sponsoring district to provide transportation may serve neither party well.

Current law requires the sponsoring district to provide transportation to resident pupils who attend the charter school. Charters, without their own transportation revenue, must rely on the district to provide most transportation. This forces the charters to conform to the district's schedule and causes difficulty in extreme cases, such as St. Louis County where the district is so large, the cost of transporting any resident who might wish to attend would be prohibitive. Both the charters and their sponsors would like to come up with an alternative. However, an affordable alternative that can efficiently provide suitable transportation to charter school students may be difficult to design.

At the very least, we need to learn from the charter schools.

In a recent article, Wohlstetter and Anderson (1994) describe the common characteristics of charter schools in Great Britain, where nearly 700 charter schools have been established. British schools are provided with start-up grants and are provided extensive management and administrative support from external consultants. Without legislative changes to provide greater support to Minnesota charter schools, it is not clear that charter schools will be able to function as anything but educational reform "on the margin".

If charter schools are to remain options available to only a fraction of Minnesota students, steps should be taken to ensure that the lessons learned by the charters are disseminated and made available to the larger public school system. Otherwise, the charter school experiment stands little chance of affecting public education to any significant degree.

Appendix A

History and Description of the Six Operational Charter Schools

Bluffview Montessori was Minnesota's first charter school. Bluffview was a private Montessori elementary and pre-school that tried unsuccessfully for two years to become an option in the Winona public school district. The 1991 charter school law provided Bluffview with a different route to become a public school. The charter school proposal was supported by US Senator Dave Durenberger and state senator Ember Reichgott. It was initially approved by the Winona school board in November, 1991, over objections by its superintendent, and by the State Board of Education in December, 1991. It planned to open as a public school in the fall of 1992 and would follow the traditional Montessori curriculum.

However, in March, 1992, two of the three Bluffview original charter signers left Bluffview over a contract dispute. The charter school was then required to submit a new contract written by the new directors. On July 20, 1992 they resubmitted the charter proposal. This proposal was rejected by the school board because of leadership concerns, union opposition, and legal considerations. In August, 1992, Bluffview submitted the proposal again.

In early December, 1992, five district elementary principals publicly stated their opposition to the charter school and the local union filed a grievance. The local teacher's union was strongly opposed to opening a charter school in Winona because of a clause in the contract that prohibited current teachers from subcontract teaching in a charter school. The charter school proposal was again discussed by the school board on December 14, 1992 but was tabled because of questions about admissions and termination of charter status. On December 22nd the local school board pushed forward a vote at a special meeting on the charter school proposal; the school was approved on a 4-2 vote. The charter school opened on March 2, 1993. No further union action has been taken as of February, 1994.

The school currently enrolls approximately 75 students in grades K-8, and also operates a private Montessori pre-school. The school leases space in part of an old district high school that is now privately owned.

Toivola-Meadowlands (TM), a K-12 school that the St. Louis County school district had decided to close, was approved as the second charter school by the State Board of Education on February 20, 1992. The St. Louis County school board agreed to sponsor the charter school in December, 1991. The charter school was supported by state senator Ron Dicklich, who chaired the state senate education funding division, and the state commissioner of education Gene Mammenga.

The district's decision to close the TM school upset many parents and community members who had been at odds with the district for a number of years. Parents enlisted community and business support in the creation and development of the school. The school opened its doors in the fall of 1993 after one year of planning, research, and building remodeling. The school currently ha 196 students, about 150 of whom attended the school in the previous year.

TM is based on an open school model that encourages multi-age learning and activities and that emphasizes its unique rural community. Students are encouraged to get involved in the community and to gain work skills for after graduation. Students are free to work on specialized projects or to create their own community involvement activities. The school is run by a site based management team.

City Academy, sponsored by the Saint Paul school district in May, 1992, was the third charter school approved by the State Board of Education. The charter received support from the Mayor of St. Paul and the superintendent of the St. Paul schools. Northern States Power Company contributed substantial financial and other resource support. City Academy provides an alternative curriculum for students who have dropped out of school or who are likely to drop out.

City Academy, the first charter to open in the fall of 1992, is located in a small, older recreation center in a middle-class, east St. Paul neighborhood. It currently serves 44 students, ages 16-21. Seventeen students graduated in the spring of 1993.
City Academy staff recruited its original core of students from the streets and received others through referrals from the St. Paul school district. The school emphasizes individualized learning. Two themes stressed in the school are "respect" and "life lessons." The school is geared to the students' life and educational needs. Each student agrees to a contract which specifies what will be learned and by when. Such a contract may include obtaining a driver's license or providing day care to community children in addition to more traditional educational objectives. Students work in the community and run a recreation program at the center.

Metro Deaf school (MDS) was the fourth charter school approved. It was sponsored by the Forest Lake School Board in April, 1992. The deaf community viewed the charter school law as an opportunity to develop a metro-wide American Sign Language (ASL) school, an idea that the community had considered for a number of years. The school received much support from parents, teachers, and school district special education directors. Although the school was sponsored by Forest Lake, the school is located in downtown St. Paul and serves 17 students in grades K-7 from throughout the seven county metropolitan area.

MDS provides an alternative for deaf and hard of hearing students to mainstreaming in the public schools and to the residential Minnesota State Academy for the Deaf in Faribault, MN. Students attend MDS during the day and can return home in the evening. MDS incorporates student created learner outcomes, ASL, deaf history and culture, and family education into its bilingual - bicultural curriculum. This strategy is based on the idea of total communication.

Cedar Riverside charter school was approved by the State Board of Education on April 6, 1992, was sponsored by the Minneapolis school board in February, 1993, and opened in the fall of 1993. Cedar Riverside was developed by three teachers working with a community non-profit agency in Minneapolis, the Cedar Riverside Development Corporation.

The Cedar Riverside neighborhood is a densely populated and integrated inner-city neighborhood in Minneapolis, a city and school district with a 50 percent minority student population that is not dispersed throughout district. The neighborhood has a large, subsidized high-rise apartment complex in its center. Students in the neighborhood were being bused to over 40 different schools throughout Minneapolis. The founders of the Cedar Riverside

school envisioned a neighborhood school that would provide community members, typically low income, minority, recent immigrants, and from single parent families, with educational and social services at a community-based site.

The founding group held community meetings to gauge the level of interest in the neighborhood. Following positive reaction and support, they moved ahead, enlisting the support and advice of Minneapolis school district board members and superintendent. Other organizations ranging from the NAACP to a local private college were involved in planning and supporting the charter proposal.

The school is located in three unconnected areas of the high-rise apartment complex in the neighborhood and serves approximately 95 students in grades K-8, 30 percent of whom live in the complex. The school has an on-site social worker whose time is donated by a local charitable organization.

The school employs developmentally appropriate education and encourages cooperation and tutoring among students. It plans to take advantage of its proximity to the University of Minnesota and other local community resources when designing curriculum. The founders of the school all teach at the school. The school plans to open its doors to parents of students for their social use and skill development. Parents are actively involved in the school.

New Heights Schools, Inc. was sponsored by the Stillwater school board and approved by the State Board of Education on February 9, 1993 and opened in the fall of 1993. The school's focal population is at-risk students, in a very broad sense of the word. The school enrolls about 200 students in grades K-12 who are determined by their parents to be at risk of being academically unsuccessful. The administration estimates that 30 percent of the students would fit into a traditional "at-risk" category. The school initially had two sites, one in Stillwater and one in Minneapolis, but financial and administrative problems forced the closure of the Minneapolis site four months after it opened.

The school focus includes a strong parent involvement component and a community-based vocational emphasis. The school has sought out community activities and encouraged local businesses and organizations to participate in the charter school and provide work-based opportunities for students. New Heights has developed and implemented a comprehensive and intriguing outcomes assessment system.

Skills for Tomorrow was the fifth charter school approved. The Rockford school district approved the school in early 1993 and began operating in March 1994. The school is located in downtown Minneapolis near the University of St. Thomas Business School.

The school emphasizes vocational/technical education. It is designed to serve students who plan to enter the workforce or a postsecondary vocational training program after graduating from high school. Internships in business are a main focus of the school. The Teamster's Service Bureau was instrumental in the development of the proposal and in the operation of the school. The school also has the support of the Minnesota Business Partnership.

Appendix B

Charter School Legislation (after the 1994 legislative session)

120.064 OUTCOME-BASED SCHOOLS.

Subdivision 1. **Purposes.** (a) The purpose of this section is to:

(1) improve pupil learning;

(2) increase learning opportunities for pupils;

(3) encourage the use of different and innovative teaching methods;

(4) require the measurement of learning outcomes and create different and innovative forms of measuring outcomes;

(5) establish new forms of accountability for schools; or

(6) create new professional opportunities for teachers, including the opportunity to be responsible for the learning program at the school site.

(b) This section does not provide a means to keep open a school that otherwise would be closed. Applicants in these circumstances bear the burden of proving that conversion to an outcome-based school fulfills a purpose specified in this subdivision, independent of the school's closing.

Subd. 2. **Applicability.** This section applies only to outcome-based schools formed and operated under this section.

Subd. 3. **Sponsor.** A school board may sponsor one or more outcome-based schools. A school board may authorize a maximum of five outcome-based schools.

No more than a total of 35 outcome-based schools may be authorized. The state board of education shall advise potential sponsors when the maximum number of outcome-based schools has been authorized.

Subd. 4. **Formation of school.** (a) A sponsor may authorize one or more licensed teachers under section 125.05, subdivision 1, to operate an outcome-based school subject to approval by the state board of education. If a school board elects not to sponsor an outcome-based school, the applicant may appeal the school board's decision to the state board of education if two members of the school board voted to sponsor the school. If the state board authorizes the school, the state board shall sponsor the school according to this section. The school shall be organized and operated as a cooperative under chapter 308A or nonprofit corporation under chapter 317A.

(b) Before the operators may form and operate a school, the sponsor must file an affidavit with the state board of education stating its intent to authorize an outcome-based school. The affidavit must state the terms and conditions under which the sponsor would authorize an outcome-based school. The state board must approve or disapprove the sponsor's proposed authorization within 30 days of receipt of the affidavit. Failure to obtain state board approval precludes a sponsor from authorizing the outcome-based school that was the subject of the affidavit.

(c) The operators authorized to organize and operate a school shall hold an election for members of the school's board of directors in a timely manner after the school is operating. Any staff members who are employed at the school, including teachers providing instruction under a contract with a cooperative, and all parents of children enrolled in the school may participate in the election. Licensed teachers employed at the school, including teachers providing instruction under a contract with a cooperative, must be a majority of the members

of the board of directors. A provisional board may operate before the election of the school's board of directors.

Subd. 4a. **Conversion of existing schools.** A school board may convert one or more of its existing schools to outcome-based schools under this section if 90 percent of the full-time teachers at the school sign a petition seeking conversion. The conversion must occur at the beginning of an academic year.

Subd. 5. **Contract.** The sponsor's authorization for an outcome-based school shall be in the form of a written contract signed by the sponsor and the board of directors of the outcome-based school. The contract for an outcome-based school shall be in writing and contain at least the following:

(1) a description of a program that carries out one or more of the purposes in subdivision 1;

(2) specific outcomes pupils are to achieve under subdivision 10;

(3) admission policies and procedures;

(4) management and administration of the school;

(5) requirements and procedures for program and financial audits;

(6) how the school will comply with subdivisions 8, 13, 15, and 21;

(7) assumption of liability by the outcome-based school;

(8) types and amounts of insurance coverage to be obtained by the outcome-based school; and

(9) the term of the contract which may be up to three years.

Subd. 6. Repealed, 1993 c 337 s 20

Subd. 7. **Exemption from statutes and rules.** Except as provided in this section, an outcome-based school is exempt from all statutes and rules applicable to a school board or school district, although it may elect to comply with one or more provisions of statutes or rules.

Subd. 8. **Requirements.** (a) An outcome-based school shall meet all applicable state and local health and safety requirements.

(b) The school must be located in the sponsoring district, unless another school board agrees to locate an outcome-based school sponsored by another district in its boundaries. If a school board denies a request to locate within its boundaries an outcome-based school sponsored by another district, the sponsoring district may appeal to the state board of education. If the state board authorizes the school, the state board shall sponsor the school.

(c) The school must be nonsectarian in its programs, admission policies, employment practices, and all other operations. A sponsor may not authorize an outcome-based school or program that is affiliated with a nonpublic sectarian school or a religious institution.

(d) The primary focus of the school must be to provide a comprehensive program of instruction for at least one grade or age group from five through 18 years of age. Instruction may be provided to people younger than five years and older than 18 years of age.

(e) The school may not charge tuition.

(f) The school is subject to and shall comply with chapter 363 and section 126.21.

(g) The school is subject to and shall comply with the pupil fair dismissal act, sections 127.26 to 127.39, and the Minnesota public school fee law, sections 120.71 to 120.76.

(h) The school is subject to the same financial audits, audit procedures, and audit requirements as a school district. The audit must be consistent with the requirements of sections 121.904 to 121.917, except to the extent deviations are necessary because of the program at the school. The department of education, state auditor, or legislative auditor may conduct financial, program, or compliance audits.

(i) The school is a school district for the purposes of tort liability under chapter 466.

Subd. 9. **Admission requirements.** The school may limit admission to:

(1) pupils within an age group or grade level;

(2) people who are eligible to participate in the high school graduation incentives program under section 126.22; or

(3) residents of a specific geographic area where the percentage of the population of non-Caucasian people of that area is greater than the percentage of the non-Caucasian population in the congressional district in which the geographic area is located, and as long as the school reflects the racial and ethnic diversity of the specific area.

The school shall enroll an eligible pupil who submits a timely application, unless the number of applications exceeds the capacity of a program, class, grade level, or building. In this case, pupils shall be accepted by lot.

The school may not limit admission to pupils on the basis of intellectual ability, measures of achievement or aptitude, or athletic ability.

Subd. 10. **Pupil performance.** An outcome-based school must design its programs to at least meet the outcomes adopted by the state board of education. In the absence of state board requirements, the school must meet the outcomes contained in the contract with the sponsor. The achievement levels of the outcomes contained in the contract may exceed the achievement levels of any outcomes adopted by the state board.

Subd. 11. **Employment and other operating matters.** The school shall employ or contract with necessary teachers, as defined by section 125.03, subdivision 1, who hold valid licenses to perform the particular service for which they are employed in the school. The school may employ necessary employees who are not required to hold teaching licenses to perform duties other than teaching and may contract for other services. The school may discharge teachers and nonlicensed employees.

The board of directors also shall decide matters related to the operation of the school, including budgeting, curriculum and operating procedures.

Subd. 12. **Pupils with a disability.** The school must comply with sections 120.03 and 120.17 and rules relating to the education of pupils with a disability as though it were a school district.

Subd. 13. **Length of school year.** An outcome-based school shall provide instruction each year for at least the number of days required by section 120.101, subdivision 5. It may provide instruction throughout the year according to sections 120.59 to 120.67 or 121.585.

Subd. 14. **Reports.** An outcome-based school must report at least annually to its sponsor and the state board of education the information required by the sponsor or the state board. The reports are public data under chapter 13.

Subd. 15. **Transportation.** Transportation for pupils enrolled at a school shall be provided by the district in which the school is located, according to sections 120.062, subdivision 9, and 123.39, subdivision 6, for a pupil residing in the same district in which the outcome-based school is located. Transportation may be provided by the district in which the school is located, according to sections 120.062, subdivision 9, and 123.39, subdivision 6, for a pupil residing in a different district.

Subd. 16. **Leased space.** The school may lease space from a board eligible to be a sponsor or other public or private nonprofit nonsectarian organization. If a school is unable to lease appropriate space from an eligible board or other public or private nonprofit nonsectarian organization, the school may lease space from another nonsectarian organization if the department of education, in consultation with the department of administration, approves the lease. If the school is unable to lease appropriate space from public or private

nonsectarian organizations, the school may lease space from a sectarian organization if the leased space is constructed as a school facility and the department of education, in consultation with the department of administration, approves the lease.

Subd. 17. **Initial costs.** A sponsor may authorize a school before the applicant has secured its space, equipment, facilities, and personnel if the applicant indicates the authority is necessary for it to raise working capital. A sponsor may not authorize a school before the state board of education has approved the authorization.

Subd. 18. **Disseminate information.** The sponsor, the operators, and the department of education must disseminate information to the public on how to form and operate an outcome-based school and how to utilize the offerings of an outcome-based school. Particular groups to be targeted include low-income families and communities, and students of color.

Subd. 19. **Leave to teach in a school.** If a teacher employed by a school district makes a written request for an extended leave of absence to teach at an outcome-based school, the school district must grant the leave. The school district must grant a leave for any number of years requested by the teacher, and must extend the leave at the teacher's request. The school district may require that the request for a leave or extension of leave be made up to 90 days before the teacher would otherwise have to report for duty. Except as otherwise provided in this subdivision and except for section 125.60, subdivision 6a, the leave is governed by section 125.60, including, but not limited to, reinstatement, notice of intention to return, seniority, salary, and insurance. During a leave, the teacher may continue to aggregate benefits and credits in the teachers' retirement association account by paying both the employer and employee contributions based upon the annual salary of the teacher for the last full pay period before the leave began. The retirement association may impose reasonable requirements to efficiently administer this subdivision.

Subd. 20. **Collective bargaining.** Employees of the board of directors of the school may, if otherwise eligible, organize under chapter 179A and comply with its provisions. The board of directors of the school is a public employer, for the purposes of chapter 179A, upon formation of one or more bargaining units at the school. Bargaining units at the school are separate from any other units.

Subd. 21. **Causes for nonrenewal or termination.** (a) The duration of the contract with a sponsor shall be for the term contained in the contract according to subdivision 5. The sponsor may or may not renew a contract at the end of the term for any ground listed in paragraph (b). A sponsor may unilaterally terminate a contract during the term of the contract for any ground listed in paragraph (b). At least 60 days before not renewing or terminating a contract, the sponsor shall notify the board of directors of the school of the proposed action in writing. The notice shall state the grounds for the proposed action in reasonable detail and that the school's board of directors may request in writing an informal hearing before the sponsor within 14 days of receiving notice of nonrenewal or termination of the contract. Failure by the board of directors to make a written request for a hearing within the 14-day period shall be treated as acquiescence to the proposed action. Upon receiving a timely written request for a hearing, the sponsor shall give reasonable notice to the school's board of directors of the hearing date. The sponsor shall conduct an informal hearing before taking final action. The sponsor shall take final action to renew or not renew a contract by the last day of class in the school year. If the sponsor is a local school board, the school's board of directors may appeal the sponsor's decision to the state board of education.

(b) A contract may be terminated or not renewed upon any of the following grounds:

(1) failure to meet the requirements for pupil performance contained in the contract;

(2) failure to meet generally accepted standards of fiscal management;

(3) for violations of law; or

(4) other good cause shown.

If a contract is terminated or not renewed, the school shall be dissolved according to the applicable provisions of chapter 308A or 317A.

Subd. 22. **Pupil enrollment.** If a contract is not renewed or is terminated according to subdivision 21, a pupil who attended the school, siblings of the pupil, or another pupil who resides in the same place as the pupil may enroll in the resident district or may submit an application to a nonresident district according to section 120.062 at any time. Applications and notices required by section 120.062 shall be processed and provided in a prompt manner. The application and notice deadlines in section 120.062 do not apply under these circumstances.

Subd. 23. **General authority.** The board of directors of an outcome-based school may sue and be sued. The board may not levy taxes or issue bonds.

Subd. 24. **Immunity.** The state board of education, members of the state board, a sponsor, members of the board of a sponsor in their official capacity, and employees of a sponsor are immune from civil or criminal liability with respect to all activities related to an outcome-based school they approve or sponsor. The board of directors shall obtain at least the amount of and types of insurance required by the contract, according to subdivision 5.

HIST: 1991 c 265 art 3 s 38; art 9 s 3; 1992 c 499 art 12 s 1; 1993 c 224 art 9 s 2-12; art 14 s 16; 1994 c 465 art 2 s 1; 1994 c 647 art 9 s 1,2

124.248 REVENUE FOR AN OUTCOME-BASED SCHOOL.

Subdivision 1. **General education revenue.** General education revenue shall be paid to an outcome-based school as though it were a school district. The general education revenue for each pupil unit is the state average general education revenue per pupil unit, calculated without compensatory revenue, plus compensatory revenue as though the school were a school district.

Subd. 2. **Capital expenditure equipment revenue.** Capital expenditure equipment aid shall be paid to an outcome-based school according to section 124.245, subdivision 6, as though it were a school district. Capital expenditure equipment aid shall equal capital expenditure equipment revenue. Notwithstanding section 124.244, subdivision 4, an outcome-based school may use the revenue for any purpose related to the school.

Subd. 3. **Special education aid.** Special education aid shall be paid to an outcome-based school according to section 124.32 as though it were a school district. The school may charge tuition to the district of residence as provided in section 120.17, subdivision 4. The outcome-based school shall allocate its special education levy equalization revenue to the resident districts of the pupils attending the outcome-based school as though it were a cooperative, as provided in section 124.321, subdivision 2, paragraph (a), clause (1). The districts of residence shall levy as though they were participating in a cooperative, as provided in section 124.321, subdivision 3.

Subd. 4. **Other aid, grants, revenue.** (a) An outcome-based school is eligible to receive other aids, grants, and revenue according to chapters 120 to 129, as though it were a school district except that, notwithstanding section 124.195, subdivision 3, the payments shall be of an equal amount on each of the 23 payment dates unless an outcome-based school is in its first year of operation in which case it shall receive on its first payment date 15 percent of its cumulative amount guaranteed for the year and 22 payments of an equal amount thereafter the sum of which shall be 85 percent of the cumulative amount guaranteed. However, it may not

receive aid, a grant, or revenue if a levy is required to obtain the money, except as otherwise provided in this section. Federal aid received by the state must be paid to the school, if it qualifies for the aid as though it were a school district.

(b) Any revenue received from any source, other than revenue that is specifically allowed for operational, maintenance, capital facilities revenue under paragraph (c), and capital expenditure equipment costs under this section, may be used only for the planning and operational start-up costs of an outcome-based school. Any unexpended revenue from any source under this paragraph must be returned to that revenue source or conveyed to the sponsoring school district, at the discretion of the revenue source.

(c) An outcome-based school may receive money from any source for capital facilities needs. Any unexpended capital facilities revenue must be reserved and shall be expended only for future capital facilities purposes.

Subd. 5. **Use of state money.** Money received from the state may not be used to purchase land or buildings. The school may own land and buildings if obtained through nonstate sources.

HIST: 1991 c 265 art 9 s 43; 1993 c 224 art 9 s 31; 1994 c 647 art 3 s 11; art 9 s 10

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